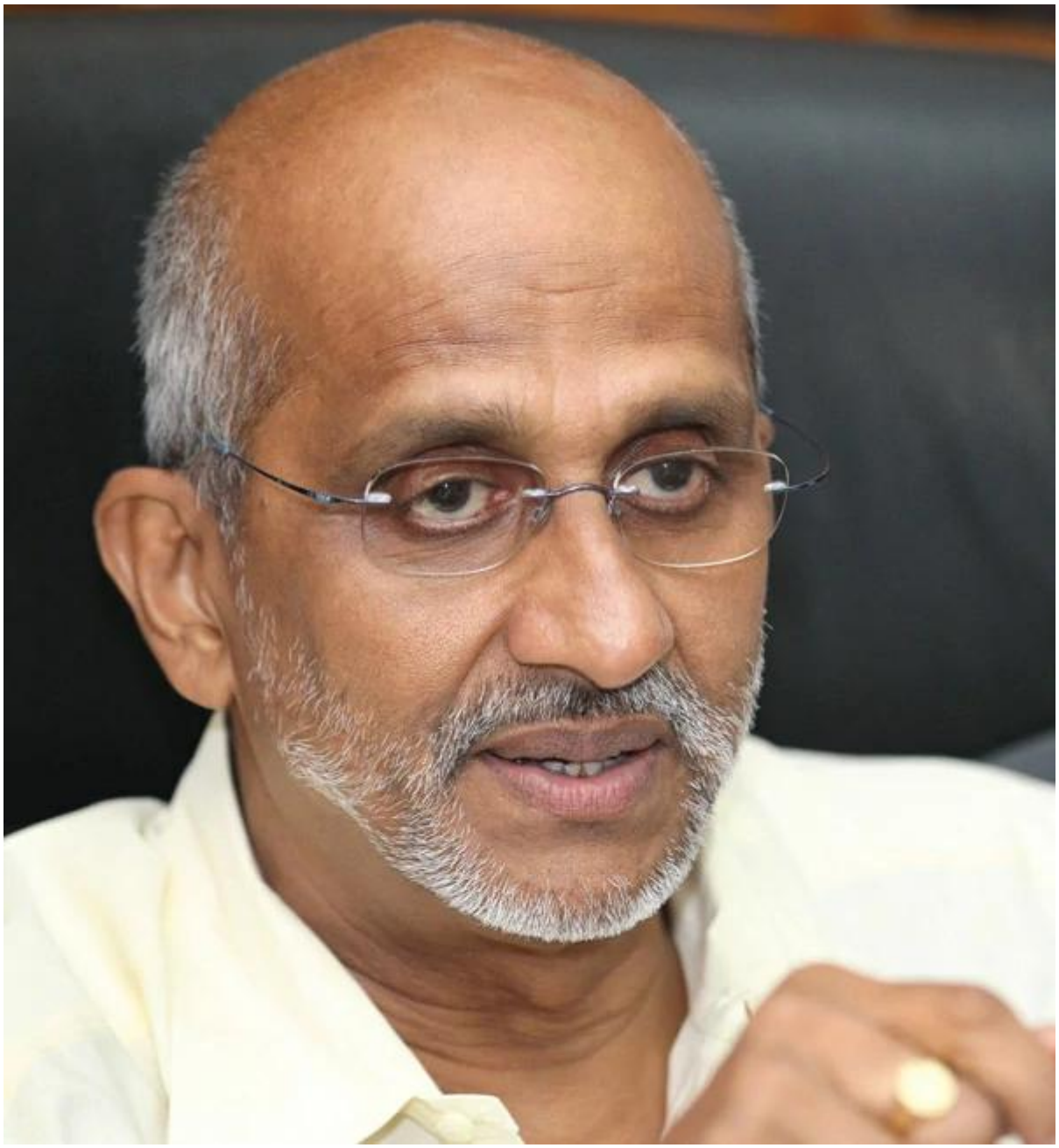
Going The Extra Mile



Anselm Perera’s name is synonymous with quality. He is a pioneer of the Sri Lankan tea industry having introduced many novel concepts and innovations. Entering the

tea industry in 1969, he is the Managing Director of Mlesna, the company he founded in 1983. The journey has been long and challenging but Anselm Perera has proven that the endeavour to produce an all encompassing quality product has not been a fruitless one but one that has been rewarding and self fulfilling. A career of 43 years in the tea industry of Sri Lanka, Anselm Perera and his brand Mlesna epitomises what this sector should strive to be – going the extra mile…

By Udeshi Amarasinghe
Photography Menaka Aravinda and Mahesh Bandara

Can you tell us how you came into this industry and your journey thus far?
I had no intention of becoming a tea taster or entering the tea industry for that matter. During my school days my intention was to become an engineer. However, the aggregate of my A' Level results missed the mark for the engineering faculty by a few points but I was eligible to enter the physical sciences faculty. As I was not very keen on that my only other option was to either join the school of architecture or apply for a job. During those days it was not easy to get As and Bs unlike today, even with that the standard is lower today.

I applied for only one job and that was at Brooke Bond; there were 74 applicants and we went through five interviews from which only I got the job. I was employed as a trainee tea taster at Brooke Bond in 1969. I had just finished my A' Levels and I was only 18 years old. That was my entry into tea. I was a tea taster for ten years with Brooke Bond and I did very well during that time. I was trained in England and I worked in Pakistan and Sri Lanka. At the end of ten years I moved on and became the Tea Manager at Shaw Wallace and Hedges, they were doing Tangana at that time. Within one and a half years I was promoted to the position of Tea Director and I was given the opportunity to travel the world, which proved to be the impetus to learn more about tea. At Brooke Bond, tea tasters become specialised in tasting, buying and blending only. However, in a smaller company you have to multitask and as such there are more opportunities to learn and grow.

As A Rule From My Early Days We Concentrated On Fine Finished Products With The Best Of Ceylon Teas… When You Produce A Quality Product, Your Customers Are Those Who Understand Fine Quality

Thereafter in 1983, I made the decision to go on my own. It was with a small group of 16 employees including the workers. I started the businesses exactly one week before the ethnic violence erupted and I thought my business probably would be doomed. I was in the midst of the violence for six and a half hours – I picked up my children from St Joseph's College and there was a tea truck burning right in front of college. In the process I picked up two Indian boys who were running for their lives, I hid their passports in my shirt. They eventually stayed with us for nine days. My younger son did not speak for two days after witnessing the violence. Perhaps the violent acts of that day contributed to a war that lasted for 30 years. It was a tragedy that was sad but true. We are proud that we managed to strive through.

A good brand name was essential for our new product and then I thought why not Mlesna, which is a mirror image of Anselm. I was named Anselm as I was born on St Anselm's Day.

Shipping bulk tea as a tradition, was common practice in the trade for over a century. Whilst at Brooke Bond, seeing the large volume of tea we exported in bulk as a commodity to other nations to package and market as finished products, kindled the thought of creating value added finished products in my early days. Therefore, as a rule from my early days we concentrated on fine finished products with the best of Ceylon Teas. My clientele is small. I do not do large volumes. There are others who do big volumes but they are producing for a different segment of the world market. When you produce a quality product, your customers are those who understand fine quality and your business is pleasurable and lucrative though demanding.

The less stressful business is servicing larger volume markets with average or lower quality yeilding lower profitability but facing fierce competition. As a rule I prefer to be in niche markets because elite consumers will buy and enjoy your product whilsts appreciating it. The mass market is always price driven with very average quality.

The Many Exotic Flavoured Teas, Can Change Habits. This Brings New Customers. Flavoured Tea Is A Lovely Gimmick To Capture The Young Generation

Mlesna has introduced many firsts to the Sri Lankan tea industry and it is your attention to detail and innovation that has led to this. What can you tell us about this?

The amount of money we spend is apparent from our shops; from the very first outlet at Liberty Plaza I ensured that we did the best. Many in the trade said that I was crazy because we had spent so much money on shop decor and packaging. That is because for most of us in the trade tea is just a commodity even though they produce a variety of different grades and qualities. Each grade and quality has a different character and a way of drinking it. There are so many ways of drinking tea; ice tea is one, Sri Lanka is such a hot country, how many portions of ice tea do we actually drink? Very few people drink ice tea in this country. Take Taiwan, China, Japan, Singapore, Thailand and such other countries where they drink hot and cold tea both. They love ice tea. In Sri Lanka 95 percent of the time it is warm, but we only drink hot tea. Ice tea is really good. Most of us do not know how to make it properly. Ice tea has to be brewed fast if you allow it to brew too long it will have that astringency. Ice tea is best without sweetener but if you need it sweet you can add 1/2 a teaspoon of bee’s honey and shake it for a fine brew.

Most Of Us In The Industry Are Complaining About What The Government Has To Give, But My Question Is Why Should They? It Is Our Responsibility To Improve And Develop Our Product And Industry

We actually introduced Mlesna tea centres not only in tourist locations but in various other parts of the country as well. And, the thinking behind this was to cater to the local demand and also to create awareness. Sri Lanka being the best tea producing country in the world, our people have very limited knowledge of tea. There is so much one can do. In my auditorium we train our sales staff with tea education, which is essential.

Then in our larger formats, Bandarawela was our very first shop and it was built like a tea factory. Compared to the rest, it is a smaller structure. During colonial times tea factories were built using granite and the top section was steel. The loft and the area where the tea was withered were all built with steel. Therefore I built the shop exactly like that. Factories were built using cut stone in those days and we cut the granite to resemble the type of stone that was used previously. The stone was chiseled by hand, the structure is very solid and you do not need to paint it and the

steel fabricated part is on top. Most of the old tea factories were like that and so is the Bandarawela shop.

Then, we felt that we should do a shop on the Kandy road with the concept of a fortress because it is somewhat a fortress city though they do not have such a structure. We built the shop in a form of a fortress on top of a rock and the land I purchased suited this perfectly.

Since the Scottish introduced tea to Sri Lanka, we felt we should honour them by building a shop in the form of a Scottish castle. We bought all the books we could find on castles and we asked the architect to design it, but their drawings did not comply with my concept. Therefore I went to the land and I drew the castle on the ground and showed them what I wanted and the Mlesna Tea Castle in Talawakelle was built in this way. We installed stained glass windows even though they were very expensive. We imported these from Singapore. Though the expense was very large if we did not do that the building would not have had the character of a castle. We did further improvements by redefining the lines in the stone using a darker waterproof finish. Now the stones look even nicer. Coming from Hatton to Nuwara Eliya that is the best structure. The Castle is now a popular venue for events in the area.

Everyone loves the Liberty Plaza tea centre, which is my first. I refurbished the Liberty Plaza outlet as well as the Majestic City outlet. The Majestic City outlet has more space as it is big and a larger crowd comes to Majestic City. At Liberty Plaza, many other shops are not of a very high standard. The outlets in this shopping complex do not do justice to the mall. The new mall management has many good ideas and they have plans of improving the mall and we hope that will happen soon.

The Tea Trade Has Always Been An Honourable Business But As In All Segments, We Are Not Devoid Of Errant Traders At All Levels. The Tea Board Is The Regulatory Authority That Has Powers To Police Them

Our shops at both locations are doing well. However, the Majestic City outlet is overtaking other outlets. The Fortress was a large investment and we have 50 staff there, at Majestic we have only four tea hostesses and they are bringing in the same volume as 50 staff.

Hopefully the Castle will do better once the Hatton – Nuwara Eliya road is completed. I made a massive investment there and I do not think I will recover that in my lifetime.

Sheikh Hamad Bin Khalifa Al-Thani, Emir of the State of Qatar, visited our Majestic City outlet on his visit to Sri Lanka. He purchased a massive quantity of tea – almost everything at the outlet on that day. He was given the red carpet welcome by our girls. I was told that he had mentioned in one of his speeches that he visited a tea centre and bought a large assortment of tea.

For 30 years we suffered with the war and the Bandarawela outlet ran at a loss from day one until last year. I could not recover anything. We did inspection visits during construction once a week and visited Bandarawela, Nuwara Eliya and the old St Clare outlet by leaving Colombo at four in the morning and returning to office in Colombo by five in the evening.

My latest idea is to do something on the coast. There are a few lighthouses on the coast; that is in Fort, Dondra, Galle and the East, but there was nothing that we could convert into a tea shop. Therefore we are in the process of building an 80-foot lighthouse with a tea shop. I searched for more than five years to find a suitable piece of land and finally I found one on a rock in Ambalangoda just by the sea. We have started construction after obtaining all the approvals.

Mlesna has been in the forefront of value addition (such as packaging and processing), can you elaborate on this?
If you take tea on its own it is a commodity, a product to brew, drink and enjoy. Therefore if you do not add value, tea becomes boring, particularly to the present day younger generation. You cannot approach the younger people with tea if you do not have novelty and variety.

The many exotic flavoured teas, can change habits. This brings new customers. Flavoured tea is a lovely gimmick to capture the young generation. If you give them the traditional, normal tea, it is the same that they get at home; there is nothing exciting. That is why we have made the smaller packs to sell near universities overseas. There is a good market for these in university towns. It is also something

different for them to serve when their friends visit home because they live in either hostels or apartments. They brew their own fancy teas and it becomes a habit to drink the various types of tea. Then when they are 30-35 years they switch over to the good traditional tea. Therefore you develop that habit and you have a generation of good tea drinkers. Otherwise it is very difficult as there are many beverages to capture the consumer. Today, the younger generation is health conscious. They want good quality drinks with a healthy story.

We Need To Re-Invest If We Want To Go Forward. We Are Saying Reinvestment Is Very Expensive…We Should Really Look At It From A Broader Perspective
As I started, value addition was limited, because Sri Lanka's scope for value addition was also very small. At the time I introduced the fancy boxes it was a novel concept for people because they had not seen it before. We imported screen printing equipment from Switzerland to create innovative packaging. It has now caught on and other tea producers have followed our packaging innovations.

We introduced the cloth bag concept. At that time no one was printing on cloth and packaging tea. We won a world star for this initiative. Another concept was tea in porcelain containers. Earlier porcelain was for tea drinking only, such as tea sets, mugs and other such crockery. Now everything we do in porcelain is a tea pack – the teapot, the mug and the jar are all tea packs – and you keep adding value. In a similar manner we introduced many novel concepts to the tea industry. If you do not add value the consumer gets bored. We create new concepts to keep the interest and if you do not, 25 years down the road your business will not survive.

The Government introduced incentives for value addition in its Budget only very recently, but you have been doing this since the beginning.
The Government is giving certain incentives for value addition but that need not be the reason for us to add value because we should improve our product as a rule. This industry started in 1867 and it is 145 years old. It is long enough for us to stand on our own feet. Most of us in the industry are complaining about what the Government has to give, but my question is why should they? It is our responsibility to improve and develop our product and industry.

Of course there is heavy taxation at point of export, which is affecting us somewhat. If you export bulk tea you pay 13.50 rupees per kilo whereas, value added exports

pay 7.50 rupees. We understand that the Government required large funding to win the war and we are grateful for the peace that has been achieved. We have to pay this tax upfront before we ship the tea. Therefore, all of us have to allocate a separate budget to fund this tax.

But, from the CESS collected for tea promotion there is a large amount accumulated and unutilised. The Tea Board has done nothing with this fund yet. I mean, it is fine to collect this money as long as it is used to improve and develop the industry. There is nothing being done for over one year; plans are made but nothing has materialised yet. We should do marketing campaigns; see India, Malaysia, Singapore and Maldives, they do so much of promotions for tourism on international channels such as BBC, CNN, Al Jazeera, National Geographic and other such channels. What do we do for Ceylon Tea?

Mlesna has been able to compete both locally and internationally against the giants in the industry. How has this been achieved?

I must say that has been a very big struggle. Going out and offering our products to people who are already marketing international products was very difficult. Selling to department stores, gift stores or supermarkets was a huge task. They are always apprehensive of new brands and it is very difficult to change their mindset. The biggest trump card we had was that we offered a package beyond the standard product. We had an entire selection of high quality products, which they could not refuse, because when they looked at it they knew they could sell it. Our products are gift items with added value such as gold tea sets. They are not merely a tea pack. Therefore, our products spoke for themselves and we were able to enter into this difficult market. The general consumer products sell in volume, but when you take gift items they do not sell everyday, a customer would buy it only for a special occasion. Therefore if you have added value and your presentation and product is of high quality then it is an advantage in getting into the high-end international retail stores.

Mlesna does not have a big market in the Middle East. These countries usually buy from long established connections.

Russia purchases about 15 percent of Ceylon Tea, but the higher end of the Russian market is very quality conscious and selective. At the same time Russia like India

has the richest and the poorest segments of society. Sri Lanka has a big middle market existing but Russia has a very large top and bottom, the middle is rather small. The rich buy the best of the best but the lower end buys a very average quality tea. There may be other producers who export low priced teas to Russia, but we only deal with the high quality teas as a policy. Then, a good potential market is China.

The tea trade has always been an honourable business but as in all segments we are not devoid of errant traders at all levels. the Tea Board is the regulatory authority that has powers to police them.

With other countries such as Kenya and Vietnam producing tea that is priced cheaper, what should Sri Lanka do to maintain this industry?
Kenya produces mostly CTC (Cut, Tear and Curl) teas, but they are now increasing their production of orthodox teas as well. CTC teas are special for tea bags. The flavour is very different from the orthodox teas that we produce. Sri Lanka has always been a leader in orthodox tea production. At one stage President Premadasa, almost directed everyone to produce CTC after he visited Pakistan. But Pakistan buys 90 percent of their tea from Kenya because they want the tea strong for consumption with milk. Now if you take South India, they too drink strong brews. However, the North, that is in Assam and Darjeeling they produce good orthodox teas that sell at a premium. In India, though they produce 987 million kg of tea, only 170 million kg are actually exported. Most of the tea is consumed within India.

Sri Lanka produces around 350 million kg annually but of that I would say that the quality of 60 percent is above fair average quality. Then, in that 60 percent, another 25 percent is top end tea. India can consume all what she produces. China, is even bigger, she can consume all what she produces as well. China’s domestic consumption is larger than its exports. Japan is the same, they produce large quantities of tea but they consume a major volume. With almost 350 million kgs production of orthodox tea we need to cater to a small domestic population of only 20 million people. Thus, giving us the advantage of having adequate tea to be the largest orthodox tea exporter in the world.

Efficiency and productivity are key to quality price effective production. It is time

the labour saw reason in this for their own sustainability. Some of us including our labour demand everything from the country not realising that they give back so little to their motherland.

We have this great global market, which wants our tea and if we don’t continue to produce good quality teas, then naturally demand will dwindle. The plantation sector must take serios note of the importance of quality production. Same with the entire industry: they want everything from the industry, they don’t want to give anything back to the industry. If we live on subsidies, we will be a developing country for the next couple of centuries.

As I mentioned the industry is 145 years old. Even now, some estates are complaining that they do not have sufficient blending space or storage space. In a recent meeting I said, if after 145 years, you can’t get your blending space and storage space organised, then you should leave this business and sell it to someone else and go because, that means you are not making a profit. To be very honest certain producers are using their money elsewhere. They do not spend money to upgrade the factory. If you look at our exporters very few of them invest in their factories. Many are not up to standard.

I put all of the profit of the first 20 years into the factory, whatever funds available was put into improving the factory. If you don’t maintain the factory then you cannot improve the business. I have spent a fortune on the factory because the working environment has to be conducive for the employees to work and be productive and also you should be able to show your production floor to the customer.

The British started this industry to earn good money, but if we cannot earn money out of that now, then there is something radically wrong. We are not doing things right. We are not replanting. If we replant, then we can go forward or else we are asking an old man to produce. Some bushes are a hundred years old; we are asking these to produce. When it is vegetative propagation – not from the seed – after 25 to 30 years the bush cannot produce efficiently. We need to replant. The seedling has a longer lifespan. There are teas in Loolecondera, which are 140 years old and they are still producing, but these will not give the maximum yield. The bushes are

old and tired, as such they cannot produce. Therefore we need to replant.

We Have To Talk With National Interest At Heart, What Is Good For The Country Is What Is Good For The Industry. We Have To Think That Even If It Is Bad For Me It Doesn't Matter Because It Is What Is Best For The Country

We need to re-invest if we want to go forward. We are saying reinvestment is very expensive – for example two million rupees per hectare. When the tea industry started, 100 rupees was a large amount but they invested. They invested that money for us to have what we are enjoying today. We are looking at it from a pin-hole viewpoint. We should really look at it from a broader perspective.

Nationalisation ruined the tea industry. Everyone who owned a tea plantation lived an elite life. With the Government take-over all the estates ran at a loss. Then after 25 years of poor managment the estates were privatised again.

This industry must continue and if it has given us a livelihood for 145 years, it will no doubt continue for the next 300 years or more if we look after it right. All of us, must look after the industry. It is our moral responsibility to the next generation to do so. I feel I have done my share but everyone else too must do their share to do justice to this industry. I have 400 plus people who live off my business. There are two million others living off this industry. Our whole livelihood, our life depends on this. Therefore we have to look after it like our own eyes. Everyone must think like that. I have been in this business for 43 years, it is my life.

How is the Ceylon Tea brand doing internationally?
We still have that added advantage of Ceylon Tea and people who recognise us for Ceylon Tea. But for how long will depend on how we produce quality tea and keep pushing forward. There are mistakes that the authorities and the tea industry have made such as disallowing the importation of tea for blending. We should have allowed imports some years ago. Since the small holders and the plantation sector vehemently objected to this, the authorities decided to uphold their view. This resulted in multinationals moving out of this country and with this a large number of jobs were lost overnight.

People do not understand that if Sri Lanka is a tea blending hub, we are to gain as we produce tea throughout the year. We have 50 auctions in Colombo each year. When we have blending facilities – let's say an international blender is blending and he is short of 200 cases of tea for an urgent blend. If he imports it from another country it will take a minimum of 28 days to receive the tea. Instead he could buy the tea at the Colombo auction and have access to the tea the very next day. Therefore, he will prefer to purchase his tea from the local auction than import it. Of course, imports will be necessary for certain price teas to blend. They have this misconception that if blending is allowed in Sri Lanka it will bring down the quality of Ceylon Tea and the auction price. It is very simple if we blend in Sri Lanka, then the label will say blended in Sri Lanka using Ceylon and other origin teas.

We have to talk with national interest at heart, what is good for the country is what is good for the industry. We have to think that even if it is bad for me it doesn't matter because it is what is best for the country.

I do not need foreign teas. My blends are 100 percent Ceylon Teas. Everything is Ceylon Tea because I buy the best of the best at the Colombo tea auctions. I am not price driven. My buyers purchase quality. Unfortunately, the industry does not understand this. You cannot compromise quality for price, you have to pay up for quality.

Currently the main markets for Ceylon Tea are Russia as a country and the Middle East as a region. Why isn't Ceylon Tea going out into the other markets?

We do export to other markets. Mlesna ships top end quality teas to Japan and we have 15 tea shops there. But, it was a great struggle to create the 15 tea shops in Japan under the Mlesna brand as opposed to the 55 tea shops in Russia. Japan is such a high quality market. Everything has to be precise. Delivery dates have to be strictly maintained. Packaging and the flavour all have to be precise with the required standard. On their part they are prompt with payments and they pay the right price for quality. The Japanese are demanding but pleasing to deal with. They are passionate with everything they do.

As in all cases you have to be careful and in my case I have been fortunate. I have good agents who we have nurtured into great tea-men with passion and trust. We

have developed great relationships with all our agents. We have bonds, where we work with complete trust. This is like an international family business.

I only sell my brand. We sell very little loose tea to our agents at the top end. A buyer must purchase from you because the product is good and he trusts you. I will never cheat my buyer. I will never give substandard tea or packaging. They only buy from me. I do not like people who bargain, that is a cheap habit and does not reflect well. You have to be faithful to one agent and he to you. That is the secret of success.

Is Ceylon Tea getting the right price?

Is Ceylon Tea getting the right price is a difficult question to answer. Good Ceylon Tea will always get the right price. You hear many crying about low prices but if you look deeper, it is because they produce bad tea. I always say, produce the best of the best and you will get a good price. Those who produce good teas always get a good price. Ceylon Tea will always get a good price. It is just that sometimes people want to take the easy route and earn money fast but just like an athlete who has to train and practice to win medals, the tea producer has to give 100 percent attention to detail and quality to be successful.

At Mlesna we taste every single tea that we buy. We do not purchase any tea without tasting. Once we receive the purchased tea we taste again to see that the right tea has been delivered. In our tasting room, which is similar to a lab we taste everything, we blend everything and we re-taste everything. If you do not keep your finger on quality, you can lose your buyers.

In Sri Lanka we see the coffee culture growing, where people go out for coffee. But we don’t see this with tea. Why is that? Can’t we develop that as well in Sri Lanka?

Now if you look at that coffee culture, how much of actual coffee is consumed? It’s the food. People drink a little bit of coffee and eat cakes and short eats. Yes, we should have a tea shop in Colombo. But to sustain a high rent tea shop in Colombo, you need to have that food variety. It is the variety of food that gives you the market. It’s the tea shop that sells the tea product that makes the profit. Without the merchandise, you can’t sustain. Even if you look at Starbucks, they sell a large amount of merchandise. The cup of coffee doesn’t give them that profit. It’s the

merchandise such as, packed coffee and the mugs that give them the profit. It’s time I did a tea shop in Colombo. We haven’t done one yet.

Final thoughts?

My idea is to develop the business to revolve around quality. We want to go forward but with a quality image and to make sure that quality remains in all the products that we do. And to do that, we insist that our producers also produce quality. This industry in my opinion should be more serious on quality production. We should reduce the quantum and improve on the quality. Sri Lanka should really emphasise on good quality. The market is there for fine quality Ceylon Tea and we only need a focussed and dedicated approach.



