Positive Outlook

Priya nth a Ka riya pperu ma, Chairman, National Lotteries Board (NLB) discussed with Business Today the improvements he has made and the future plans he has for the NLB. He also speaks about his close involvement with the President and expresses the admiration he has for him.

You brought about several positive changes and management improvements during your tenure as Chairman of the People's Merchant Bank Limited (PMBL). Now that you have taken on the challenge of heading the country's most profitable lotteries entity, what are the changes we should expect at the NLB?

The People's Bank, BOC, and NLB are state-owned institutions, but I personally think that we have to give them a private sector touch. It doesn't mean that we have to privatize them, but we do have to introduce private sector principles. In the past, the NLB was not operated as a financial institution. I'm in the process of changing this attitude and perception, and I hope to convert the NLB into an efficiently-managed financial institution with the help of new technology. Until recently, we only had an office in Colombo. In February, we opened our first branch in Anuradhapura and we hope to open four more branches during March. We will then have a five branch network which will be inter-connected, and the people in suburban areas can access this information locally. We intend on having one district office in each district soon. I also hope to provide training to the staff which will be on par with international standards. Globally, the lotteries industry just like banking has shifted into the ICT era. So, we need to make the necessary changes to fall in line with global trends.

But IT alone will not transform an industry. A problem often faced by government agencies who are trying to introduce reform and changes is the lack of staff discipline. What human resources improvements and changes have you had to make at the NLB?

Fortunately, I have not had poor discipline or other HR problems. But when I first started, I found that the general attitude of the staff was to do their allotted work and simply collect their ,salary at the end of the month. In order.{o change this mindset, I use the "give and take" policy, where I give both hope and materialistic benefits. Staff incentives have been increased and a detailed promotion scheme has also been introduced.

The problem with government organizations when compared with the private sector is their internal structure. A structural change needs to take place and I am trying to implement this at the NLB. The higher-level management needs to be properly trained and given confidence. There should be no difference in efficiency between the government and private sector, although the former cannot match the remuneration of the latter. But we are looking at giving other benefits like uniforms,

transport and attractive incentives. The staff needs to realize that if they work hard they can have a better future. This is the environment thal we need to create at the NLB and I believe that it will bring about positive results.

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> of a MNC is praising the President’s work. I think we have achieved some stability in the country”

What steps will you take in training the staff?

This is an extremely crucial area. For example, ICT is a new area and very few people have access to computers, but computer knowledge is essential to progress in the corporate sphere. At the NLB, we are trying to give the staff a basic training in ICT irrespective of their positions. Secondly,ior the development of management kills, we are organizing an in-house training program. I recently attended the World Lotteries Forum in Merida, Mexico where 144 countries were in attendance. All the government run lottery bodies were present and it is there that I saw the higher managers getting a chance to go abroad. This is really about a shift in attitude and cannot be done in mere words. The NLB has to provide its higher management with opportunities to travel abroad and get exposed internationally, and only then will they be able to understand how important it is for Sri Lanka to embrace the rapid changes taking place in the world lotteries industry

In what specific areas do the NLB staff need to be internationally exposed to?

Individuals in a particular position need to be on par with their colleagues around the world or at least in Asia. They need to do things the way the others around the world do. Our staff needs to realize this. My background is in the private sector so I know how they adapt to global changes. People expect Sri Lanka to be elevated to Singaporean standards, but if you look at the perks and benefits in the public sector, no one in Sri Lanka is willing to match those. We need to introduce a culture of high remuneration rates here. The banking sector has realized the importance of this and they have embraced that culture. People’s Bank underwent a restructuring phase recently and hired some professionals offering them competitive market salaries. The bank is now performing extremely well. In the case of the NLB we do

not have much competition because we are a national body and we operate about ten lotteries.

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What are your views regarding the privatizate lotteries board?

The Mahapola lottery, which was under the Trade Ministry, has been given to the private sector and this is questionable. It has been met with stiff opposition. We need to discuss this matter further but generally in other parts of the world all the lotteries are government owned. A license is not given to a private sector operator because the sale of lottery tickets is a direct dealing between the people and the government. It is more important to privatize the working culture to increase efficiency within the organization than to privatize the ownership. The whole issue revolves around attitude, not ownership.

What do you see as the next wave of development in the Sri Lankan lotteries market?

We are going to get the membership of the Asia Pacific lotteries Agency (APLA). What is prevalent in Asia is the usage of high technology. The online lottery system was introduced to Sri Lanka sometime back, and this is the future of lotteries. Yet the way in which it was implemented was wrong. We have already corrected controversial matters related to online lotteries and the NLB will review the issues in order to better meet the demands of the future. I have recently launched the LB website where people can buy lottery tickets via the internet. The future of lotteries is a customized machine similar to that of an ATM or vending machine. This system has to be gradually introduced to Sri Lanka. There is an untapped segment of the market consisting of the upper and working class people who do not regularly buy lotteries. Bu in developed countries like Canada and some European countries there is a good market where this form of distribution thrives. Even India has already stepped in and introduced online lotteries due to the increasing awareness of ICT.

My next target is to ensure that the NLB reaches the upper and working class so that they will purchase lotteries more often. In order to buy a ticket, they will not

like to stop the vehicle and buy a lottery from a roadside vendor. Instead we need to have access points in supermarkets and other similar gathering places. It is only then that people will contribute more towards national development. The lesson I learnt at the World Lotteries Forum was the importance of positioning points of sale.

If the NLB were to introduce this concept would the price of the lottery be increased?

ot necessarily. As an example one must consider the purchase of lotteries via the internet. The Airport Super Draw, which sells for USD 25 has a good market. Let us assume that a foreigner wants to purchase this, if he misses buying it at the airport then he will not be able to buy it elsewhere, but he should be able to purchase it online. Furthermore, we need to formulate a system, where if he wins he will notified by email.

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Could you tell us about the distribution systems and the perception of the lotteries as a form of gambling?

In other countries, lotteries can be bought through the use of a mobile phone and results can be obtained through SMS. In Europe you can purchase a ‘smart card’ with your proper identity and then you can buy lotteries from lottery websites. If you win, the prize money is credited to your bank account. Lotto is a 50 year old game played all over the world, and is the highest contributor to the lotteries business. Yet in Sri Lanka it is the other way around. Lotto is a draw lottery; it is game that people play and does not fall into the category of gambling. It is a game in which every one has a chance to win. The important aspect to bear in mind is that this is not gambling. If a consumer buys one lottery per day, then it amounts to Rs 3,650 for a year and Rs 36, 500 for 10 years. Even if a consumer buys for 25 years the expense does not exceed Rs 100,000. So even if you win once, with the general prize money being Rs one million the cost is covered with a profit of Rs 900,000. Recently I awarded a Rs 28 million jackpot win for the ‘Mahajana Sam-

patha’ to a 72 year old farmer who has been purchasing lotteries for the past 40 years. He has seven children and they have benefited thanks to their father’s unbroken loyalty towards the NLB. Other than our expenses the rest is divided between the prizewinners and the balance goes to the government. When it comes to advertising we have a corporate advertising scheme where we help cultural, arts and educational events. We also take part in national events to make sure that this money is being put to good use and most importantly that the NLB is portrayed as a people oriented organization.

With regard to NLB being portrayed as a people oriented organization, how well does the board interact with its dealers?

We have an extremely good agent network which runs all over the country amounting to 2,600 direct dealers. All together 25,000 people are involved in selling lottery tickets. For the first time in 42 years I organized an all-island dealers’ convention at the Sugathadasa Stadium recently. It was held under the auspices of the Mahinda Chinthana program, where the President wanted to take the development of the city to rural areas. We therefore invited all our dealers, and in appreciation of their good work we gifted those who have been selling lotteries for more than 25 years with personal computers and printers. We also plan to hold this event annually so that they will get to know us much better.

What are the changes that you feel the NLB will have to make to be in league with other Asian boards?

We need to have a highly trained staff with up to date training. We also need to have awareness programs for the public, as there is a market segment that remains untapped. Therefore we need to have targeted advertising programs to tap into this segment. The 19 million population in Sri Lanka needs to understand that this is a link between the government and the public and that this money will never go to waste. The money will be directly invested in the people’s welfare. The government needs to generate this type of income for the development of the country. This message needs to be communicated. This is very clearly done by other countries, which is why irrespective of their position in society they all buy lotteries. All individuals above 18 years of age need to have access to buy lotteries and enjoy the right of winning. At the same time they must have a feeling that when they are buying a lottery that the purchase price goes to the government for a good purpose, even if they do not win. The people should not consider it a hassle, waste of money or a form of gambling. That is the main reason why we are maintaining

the price of the lottery at Rs 10 although ideally looking at the turnover we could increase the price. I am not prepared to do so right now.

What are the targets you have set for the staff?

Until now we have been performing satisfactorily but I have asked for a 30% sales increase. We have already started the necessary preparations. After the first quarter we will evaluate and put relevant systems in place to increase the sales. For the first time the NLB ,has become target oriented, and the staff have been given their targets.

Do you have records of the winners?

In the past we never kept track of the winners. Within three months we have produced 3 multi-millionaires and 138 millionaires. Now we keep records and when they come to claim the prize money we also give them financial advice on investment, saving and how to put their money into banking practices. Most of the people do not even have a bank account; they are extremely poor and are often from villages. The NLB is working with People's Bank and we advice the managers not to allow the winners to irresponsibly spend their money. If they want to build a house the bank will give them a housing loan, keeping the money as a fixed-deposit. If they want to buy a vehicle they have access to leasing facilities at an extremely low-interest rate, because they are saving the money in a fixed-deposit. They will earn money keeping the prize money as a security. Some elderly people can use it as their pension fund. The giving of financial advice is something new that I have started and I believe that it is exactly what the President wants. He wants to eradicate rural poverty because he comes from a rural village in the Hambantota District with the highest rate of poverty. The philosophy behind Mahinda Chinthana is not the development of single districts but the development of Sri Lanka as a whole. Thanks to the President's efforts there is a peaceful environment prevailing in the country at present. The connection between Mahinda Chinthana and the NLB is that we are giving back money to the people and it is our duty to ensure that it is put to good use. The election mandate of the President was to make sure that the basic necessities such as housing, education, and health, which the people in the Western province are enjoying, be accessible to all provinces of Sri Lanka.

There are complaints that poverty levels in Colombo are just as high. What about the needs of the poverty stricken people in Colombo?

It is a different kind of poverty. Let us assume that a person in Colombo met with an accident, he will be given equal treatment by the government hospitals utilizing the best of doctors, treatment etc. The infrastructure there and even though he or she is a slum dweller they have equal access to the best schools in Colombo. So they have the opportunity to come up in life. If for example, they want to make ome money, they can go to Pettah and if they work hard they can make a substantial amount of money at the end of the day. In rural areas this is not possible.

This is the difference between the poverty of the Western province and other rural areas in the country. For example, in Moneragala if someone breaks their arm they have to travel to Badulla or some other far away location to obtain assistance from a hospital. Added to this there is no transport. The next issue is education – the children need to attend a good school – which has good buildings, electricity, and computers. But the people living in rural areas are deprived of that opportunity. This is the key difference. I agree that there are a lot of low-income groups in Colombo as well, but they are in a system where they have access to the facilities that the other income groups also have. They also have social security. This is why President Mahinda Rajapaksa wants to implement this same system throughout the rest of the country.

Food is the most basic necessity for survival. Is there something that the NLB can do to address the problem of those without food?

We are trying to encourage the farmers through the ‘Govi Setha’ lottery. There is no shortage of food or starvation in this country but it is the price of food, that is the problem. If for instance the price of sugar goes up by Rs 10 then people do not have money to buy it and this is a problem. Through the NLB we have generated a lot of employment and anyone can make money by selling lotteries if they are willing to work hard.

Structural change needs to be implemented to government institutions. How do you hope to achieve this not only at the NLB but other organizations as well?

I feel that this change cannot be brought about overnight. We are used to a system, the so called ‘easy life’ but the political life is different and it is not easy at all. For example, the President has taken almost 40 years to come to this position. He was an 1P 37 years ago, then a cabinet minister, then leader of the opposition and Prime Minister. Everybody knows how difficult it was to win the previous presidential

elections. After Mahinda Rajapaksa became the President he was determined to make the necessary changes towards the development of the country. Once the top changes then immediately the change will start filtering down. The working-class is already used to a system. They think governments' change, ministers' come and go and so do chairmen of government institutions, but the staff remain. This attitude exists in any part of the world but when top positions change, the staff will eventually have to realize why this change has occurred. Now they need to realize that there is a pressing need for change. That is why in the election a political change is brought about by the people, and the individuals in the system must realize and understand this change. Until that realization comes I do not think that it will be very easy to implement structural changes. However I believe that part of the responsibility lies with the media. The general public works hard for a change and it is not an "easy life" for them. They need a change in the efficiency, the speed of work and attitudes. This is the reason people change the government and the people at the top must comprehend the message of the people. From a clerk in the company to the chairman, they must realize the need for change. Realization is the first step. If you look at countries like Japan after World War II, they changed immediately. But in Singapore, after Lee Kwan Yu came, he managed to change because they were willing and open to change. Now is the time for Sri Lanka. We now have a strong and ambitious leader who has been waiting for almost 40 years to come to this position. The people in the system must realize this and change for a better tomorrow. I think that influencing change can be done through the media, and by proper training. Most people have been in government services for more than 20 years and they will not like to change. But we can collectively convince them that it is the need of the day. When the general public walks into a government organization they should notice the change. I believe that at the NLB I have initiated a 'change process' and I hope that others will follow suit.

You mentioned change in the leadership, but President Rajapaksa also belongs to the same party as former President Kumaratunga, so what is the difference between the two leaders?

There is a vast difference. Just look at the background. Although Mahinda Rajapaksa is from the same party, his background is rural, humane, and social. Today, against all odds President Rajapaksa has brought peace to this country. If another candidate had won the election then we would be in the middle of total social unrest. President Rajapaksa won with 28 parties supporting his victory, and today there is peace not only in the North and East but also in the rest of the country.

One of the sectors that did not support the President's victory was the business community because they were concerned about the coalition with the JVP and the JHU. Recently though, even a CEO of a MNC had praised the President in a forum because of the prevailing peace. What do you have to say to the private sector and the business community?

This is an important question because I also come from the private sector and I want to say that prior to the elections it was a wrong perception. But before the elections we could not prove this and we had to handle this very diplomatically. But three months down the line the President managed to counter all these ill feelings. This clearly shows his political maturity. He is quite different from the others because he comes from the grass-root level and knows what the country needs. The private sector has not been very supportive as they thought there would be other influencing bodies on the president, upon him coming into office. But they were proven wrong and he managed to satisfy them as well.

He explained to the coalition that there cannot be strikes and other obstacles, as the country must go forward, and that he is supportive of the open economy. But, he also clearly stated that there would be no privatization of the government bodies , as the people did not want this. The President said that instead he would bring the efficient and and effective service that the private sector has into the public sector. I am happy that after Mahinda Chinthana and the various programs that have been implemented for three months, a CEO of a MNC is praising the President's work. I think we have achieved some stability in the country as far as the economy is concerned. This is why we can think positively about the future – economically and with respect to social development. In order to achieve this, it is our duty as chairmen of government institutions to work hard to keep the pace and to be on par with his mission and vision. The country has an extremely hardworking President and the government sector needs to keep up with him. The President addressed the directors of the boards and gave a clear-cut message of working hard and maintaining efficiency. He added that there would be evaluations and appraisals on the development of these institutions conducted by the monitoring body once it is established.

Where do you see the NLB a year from now?

We will achieve the 30% sales increase and have a branch network. We will have a modern organization equipped with the latest technology and in accordance with other Asian lottery bodies. We will be an organization that other people will talk

about. In mid November, the World Lotteries Forum will be held in Singapore and I am hoping to bid, to hold the World Lotteries Forum in 2009 in Sri Lanka. To do this we will have to do a lot of hard work, as we will have to pitch for this opportunity and if we are going to invite international bodies from all over the world then by that time the NLB must be in an admirable position which all Sri Lankans can be proud of.

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