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Jump-starting Malaysia's growth: An interview with Idris Jala

A leading official discusses early lessons from his country's big transformation effort.

Eoin Daly and Seelan Singham



Malaysia has made considerable progress but remains a middle-income country and was struggling to achieve its aspiration of becoming a high-income nation by 2020. To jump-start the effort, Malaysia announced in January 2010 its Government Transformation Programme (GTP), aimed at delivering big results fast in the public services that were most important to the people. An Economic Transformation Programme (ETP), a road map to lead Malaysia to high-income status by 2020, followed in October 2010. The program targets annual growth of 6 percent and a doubling of gross national income (GNI) per capita, to \$15,000, thus meeting the World Bank standard for a high-income country.

To lead the effort, Prime Minister Najib Tun Razak named Idris Jala as a minister and chief executive officer of the newly constituted Performance Management and Delivery Unit (PEMANDU). Jala, 53 years old, brought to the government a background in turnarounds, a skill he burnished in his business career at the oil company Shell and at Malaysia Airlines. Almost two years into his new role, Jala recently discussed with McKinsey's Eoin Daly and Seelan Singham the GTP and the ETP and their early impact on the country.

The Quarterly: *What are the origins of Malaysia's Government Transformation Programme?*

Idris Jala: The transformation program is the brainchild of our prime minister, Dato' Sri Najib Tun Razak. When Mahathir bin Mohamad was the prime minister, in 1991, he released a document called Vision 2020. So if you look at what we have set ourselves to do, it's clearly laid out in that vision—and because we only have ten years to do it, we have to run really fast. That's the first point. The second point is quite a lot of things have to be done fundamentally differently to get to the way we want to be. So you can't do small changes. It has to be big results fast.

When we started to work on the Government Transformation Programme, we needed to identify the areas that the people wanted us to change radically. They were crime, corruption, rural basic infrastructure, urban public transport, low-income households, and education. Those are very big subjects. And if you make big improvements and you make them fast, it's going to make a lot of difference for our country.

The Quarterly: *Could you describe the impact of the program to date?*

Idris Jala: We've been in the implementation phase of the GTP for a year now. We achieved 112 percent of the key performance indicators that we set, with only 79 percent of the budget.

We've been able to reduce crime by 15 percent and street crime by 35 percent in 12 months. Secondly, 5,600 people had corruption allegations associated with them—we pursued something like 2,400 cases of full investigation, 540 were charged, and 331 people were convicted last year. On top of that, we have published the names of all the people that were convicted of corruption. For the first time in Malaysia's history, we've also introduced a whistle-blower protection act.

On education, we have achieved our numeracy and literacy targets. We have 54,000 additional children whom we've been able to enroll into our preschool classes. We have increased the urban public-transport ridership from around 12 percent up to 15 percent. And we carried 2.4 million additional passengers on our light-rail transit lines. Then, on rural basic infrastructure, we achieved record performance in rural roads that we built, 775 kilometers,¹ and we gave 35,000 houses clean and treated water—six times more houses than we had in the previous year. Altogether, two million lives were impacted by the rural basic-infrastructure project. I think the best part of that story is that the public service has demonstrated clearly that it can run. We couldn't have expected more from it.

Some people doubt some of these numbers, so we had them validated by PricewaterhouseCoopers and challenged by an international review panel of my counterparts from Australia, Korea, and the United Kingdom, as well as the International Monetary Fund and the cofounder of Transparency International.

The Quarterly: *Those are the numbers. What were the changes like on the ground?*

Idris Jala: I went to a village in the Borneo jungle to celebrate the completion of our rural-electrification project—these people have been living in that village without electricity all their lives.

This means even more to me because I'm from the jungle. I was born in a small village near the Kalimantan border. When I was a kid, I remember walking to the nearest town—it would take one week's walk in the jungle and another week by boat. So I do know how tough it is in rural and remote areas. I texted my wife, and I said to her, "If we don't achieve any of the results we were aiming to achieve in the course of the Government Transformation Programme, this very thing we're doing to help these villagers have light is good enough for me."

The Quarterly: *How do you run the Government Transformation Programme on a day-to-day basis?*

Idris Jala: We created an organization called PEMANDU—it stands for Performance Management and Delivery Unit—driving transformation; that's what this is all about. By

¹ About 482 miles.

the way, PEMANDU, in Bahasa Malaysia, means “driver.” We had 5,000 applicants who were keen to join this company. We sifted through them and we eventually offered jobs to 127 people. I’ve got a team of people in here who are really motivated to make a difference to society. Half of them are from the private sector, and the other half are from the civil service.

PEMANDU acts as the catalyst and architect of our country’s transformation program. The civil service is involved in the development of the solutions and in implementation. They are the unsung heroes for all this work. There are six very specific techniques in our methodology.

The first thing you need to do is be clear about what constitutes success. We have a technique where we use public opinion to determine our areas of focus. Many people rush to do things without clarity about what success means to them and how you measure it.

The second thing we do is run labs, which is a new, intense problem-solving approach. For example, on our Government Transformation Programme, we had 260 of the best civil servants working across six labs on each of the National Key Result Areas. They are from all parts of the civil service: police, teachers, transport people, and everybody. The labs, which usually last six to eight weeks, involve people doing analysis on a full-time basis, handling problem solving, and then finally creating a detailed program of action. The solutions are not at “33,000 feet high,” they are really at “3 feet above the ground” and very detailed. Once you have done this detailed piece of work, it’s easy to implement.

For example, when we were intending to redeploy the police, we said we must redeploy the police so that we can reduce crime. There are 501 sectors in Kuala Lumpur as a geographical location. We have 2,892 police. In the old method of deploying the police, that means 2,892 police divided by 501 sectors, or 5.8 police per sector. So in the lab, we looked at every incidence of crime that took place in Kuala Lumpur over the last two years and we found that most of the crimes were committed in 11 hot spots. We then divided 2,892 police by 11 hot spots. That means for the 11 hot spots, we have 260 police deployed in each hot spot. Across Malaysia, we moved over 20,000 policemen to 55 hot spots in just 12 months—the most significant redeployment of police in our country’s history.

In the third technique, we run “open days,” or town hall sessions. We invite the entire Malaysian public to come and engage with us and see what we have produced in the labs. Everyone is invited—from taxi drivers to teachers and doctors, from lawyers and shopkeepers to NGOs,² and even the opposition party members and parliamentarians to public servants. All the programs are open to the public for detailed scrutiny. Now, we took the feedback from the 8,500 Malaysians who attended the events, and we refined our work.

²Nongovernmental organizations.

Eighty-five percent of the people who came said they supported our programs, and more than 75 percent of the people said that our initiatives and the programs were very good.

Then, in our fourth technique, we published our detailed promises in a 264-page book called the *Government Transformation Programme Roadmap*. We have no choice now but to deliver because the whole world knows, in detail, our promises.

Then the fifth technique is what I call leadership intervention through steering committees, weekly reports, and daily interventions. The term we also use is “discipline of action.” Every Friday, I have problem-solving meetings with my team and the respective delivery-management teams from the civil service. We look at only problems. We don’t talk about achievements. Every month, there is a meeting between the lead ministry and the civil service, chaired by the prime minister and now chaired by the deputy prime minister. Every six months, the prime minister reviews the performance of each minister against key performance indicators set at the beginning of the year.

The sixth technique is to agree that we publish, annually, a report to the public about our results. This 250-page report discloses the facts on what we have and have not achieved in 12 months.

When you put those very rigorous six techniques around our program, I believe that’s the reason why we were able to achieve quick results. I’m also absolutely convinced they’re sustainable. A long-distance runner will build stamina by running. The more the athlete runs, the more stamina is built.

The Quarterly: *Why did the government undertake the Economic Transformation Programme?*

Idris Jala: The model as we laid it out was to make sure that the economy gets transformed so that it becomes high income. And second, that as many people share in that prosperity—we call it inclusiveness. And third, sustainability, that this is not something that happened one time, but for a prolonged period of time.

This economic program was distinctive from what other countries do and what Malaysia has done in three ways. Firstly, the program addresses focus and competitiveness. We are focused on 12 sectors that are going to deliver this growth—for example, palm oil, health care, and tourism. We’re also making deep-rooted reforms to improve our competitiveness in such things as international standards, in liberalization, human-capital development, public-service transformation, and delivery systems.

Secondly, this is a concrete program. This is not a high-level plan about strategy and intent. We’ve identified 133 concrete entry point projects, which, at the start of the journey, are

going to contribute a great deal for our economy. The program also has targets, milestones, and accountability. This program is detailed in a 605-page book called *The Economic Transformation Roadmap*. We use this almost like a prospectus to all the companies in Malaysia and even foreign companies that want to invest in the country. If you want to work and grow in the chosen sectors, we'll encourage you to look at these opportunities and translate them into projects. Over the next ten years, we'd like this to mushroom into thousands of projects that the private sector will take and move forward.

Thirdly, the program was cocreated by the private sector. We had 350 people from the private sector working with 150 people from the public sector for eight weeks in intense labs. Essentially, the private sector is now telling the government this is what we ought to do. Ninety-two percent of the \$444 billion in the projected investment over the next decade will come from the private sector. Only 8 percent of the investment will be from the government.

The Quarterly: *It's early days, but what can you tell us about the economic program's impact?*

Idris Jala: I always believe that in any economic transformation, the leading indicator is investment. In just eight months of implementation, we have achieved 170 billion Malaysian ringgits³ in committed investments, which is about 12 percent of our ten-year target. Projected GNI impact is 220 billion Malaysian ringgits, and 362,396 jobs are expected to be created. These are 13 percent and 11 percent of our ten-year targets, respectively. Never before in the history of this country has such an amount been committed by investors for a period of eight months, let alone for a year or one and a half years.

The Quarterly: *Do you have an example of how investment has been encouraged?*

Idris Jala: Let's look at a project that had not got off the ground. There's an entrepreneur who wanted to build a six-star hotel in Kuala Lumpur, a St. Regis hotel. He went around the mulberry bush trying to secure approvals for two years. He got frustrated and could not get approval. On October 25th last year, it was announced as one of the new projects. Two weeks later, piling began for this project. You can see the speed with which things can get done.

Let's look at our oil-and-gas sector, which is the single largest contributor to our economy. We have some marginal fields, and we have some stranded gas and oil in some of those reservoirs. We changed the fiscal regime, not just using the oil production-sharing

³About \$55 billion.

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contracts. One of our projects was that the government improved the terms. And suddenly, you see an avalanche of investments coming into the oil-and-gas sector.

The Quarterly: *How has the public responded to the initiatives?*

Idris Jala: Of course, there is a lot of moaning and groaning when you start doing this. Some of the things we did on subsidy rationalization to fund the transformation programs were obviously not popular things to do. We had to engage with the public and explain why we have to take some of these painful measures. Also, if you don’t get results in six months, all these works will be severely under attack, severely challenged, because people will say this method has so much pain that people have to endure.

It will take time for the public to believe everything that we are doing is actually impacting them. First of all, we are very targeted in what we’re doing. In public transport, we carried 2.4 million additional passengers. Only those who are actually using the light rail will say, “Yes, I know the difference.” But those of us who do not use urban public transport, we don’t see the difference. The two million people who have enjoyed the rural roads and the clear, treated water—they know the impact. The rest of the 28 million Malaysians, they don’t know that. They don’t feel it yet.

The Quarterly: *You were in the private sector for many years. To what extent do private-sector tools work in the public sector?*

Idris Jala: One of the reasons I took this job was to see whether the techniques and tools that were used in transforming a company can be used in a country. I think all of it works. I’m absolutely sure now. The methodologies are the same. It’s just a different slant for how you tackle it—the public versus customers. You’ve got to deal with customers in a corporation. Here you deal with the general public, but you treat them as customers.

The Quarterly: *Do you think the six techniques in your “big results fast” methodology are applicable to other countries?*

Idris Jala: Yes, I have no doubt about it. But you have to do it all. You cannot pick and choose. If you cherry-pick them, then it doesn’t work, because this program is about fundamentally changing the way we do things, so that there’s a full, whole system change in the economy and also the government. ○