

Case study 1: Visionary Leadership and the Case of Dilmah

Merrill J. Fernando, the founder of Dilmah tea, is an icon in the global tea industry. He is a man who revolutionized the industry which was dominated by multinationals, by bringing in quality and integrity into tea. An ordinary man of humble beginnings, his passion and vision for tea remains unchanged to date. He is a visionary who wanted to market his own brand of tea nearly four decades ago, when branding and marketing were dominated by the multinationals. Today, Dilmah has put Sri Lanka back on the global map as a destination, which grows the finest tea on earth, Pure Ceylon Tea.

Dilmah is one of the eight global brands in the Medinge Group's top brands with a conscience. Merrill Fernando pioneered the concept of single origin tea and incidentally is the world's first genuinely Ethical Tea. The company remains Sri Lanka's number one manufacturer and exporter of tea bags, accounting for over 21 % of the country's total export of tea in bags. Dilmah is also the world's first producer - owned tea brand.

At 78 years, Merrill Fernando is a legend in the tea industry with a wealth of knowledge gained through a career spanning 58 years. A visionary leader, he built his company on family values, ethics and the knowledge he gained of the industry. Even to date, these philosophies remain in the Fernando family and he assures, will continue to be so in the generations to come.

This management case study is based on the story of Merrill J. Fernando. Through his vision he has changed the lives of many estate workers and the poor while building a widely regarded fully owned Sri Lankan brand. With Dilmah celebrating just over 20 years of business, Merrill Fernando could proudly look back on a very tough mission; a mission accomplished.

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Tea is nature's gift to mankind. A beverage that heals, refreshes and protects, it is also infinite in variety, changing subtly with the natural alchemy of sunshine, soils, wind, sand and temperature. The origins of tea go far back as 5000 years when a Chinese Emperor first discovered its benefits in 2737 BC. A few leaves of tea blown by chance into Emperor Shen Nung's drinking water made a remarkable impact on mankind's drinking habits. With this legendary discovery, tea was known as a medical drink healing many human ailments. The habit of tea drinking slowly spread across the masses in China and by the end of the 6th century the Chinese began to regard tea not only as a medical drink but also as a refreshment. Nevertheless, it was Ceylon who made tea famous in the 19th and 20th centuries.

Ceylon tea was a front runner in the industry and was well accepted for its quality. However, things changed when the Ceylon tea industry was taken over by the multinationals, about 45 years ago. The importance of quality was not given much prominence and instead the focus was more on commercial and profit oriented factors. This was a time when Ceylon tea moved away to multi - origin blended teas for cheaper products. It was an era when Ceylon tea lost its global identity for its high quality and variety. During this time, a batch of Ceylonese tea tasters was selected for the very first time to be trained in tea tasting at London's famous Mincing Lane. Until then, a myth prevailed in the tea industry that the Ceylonese were not suitable for tea tasting because they ate hot curries. This batch of tea tasters included a young man of twenty who went on to conquer the world with his own brand of tea. This was the beginning of a long and inspiring journey in marketing Pure Ceylon Tea.

Born in May 1930 in Allansena village, six miles from Negombo, Mr. Merrill Joseph Fernando, better known as Merrill J., was the youngest of five, three brothers and two sisters. Being the youngest in the family, he was treated very kindly by his siblings as well as by his teachers in school. So much so that on days he did not go to school, his teachers used to come and fetch him from home. This was life in the village at that time, where people cared about each other's well-being. Fernando's father, P. Harry Fernando, was a trader of very modest means while his mother Lucih, a housewife

was delighted in giving. He recalls his mother waiting outside the verandah each morning calling out to the village people passing their house, on the way to the fish market and shops, and giving them something for their children, usually some buns or biscuits. His love for people and especially the underprivileged was deep rooted in him from his early years. He started his school career at Maris Stella College in Negombo ending at St Joseph's College, Colombo. After leaving school he got involved in tea and was trained at Heath & Co, but at the time it was difficult for a Sri Lankan to find employment, since the tea trade was dominated by foreigners. Therefore, he joined the American Petroleum Company as an inspector. At American Petroleum Company he got the opportunity to travel island-wide, and after a span of two years got back to the tea trade. Though he initially wanted to enter Law School and become a lawyer, life had different plans for him. A great plan indeed.

Fernando had his initial training in tea tasting in London where most of the world's tea was consumed. It was here that tea was bought and sold in a country that cultivated it overseas, then imported and consumed most of the world's tea. It was here that he learned tea; a finished product carefully handpicked and produced in a traditional and time-honoured manner in Ceylon, which was benefitting the middleman in Europe much more than Ceylon. He also learnt that this was a dysfunctional trade which was benefitting others and not the local farmers. This made him think of developing his own brand someday, with the intention of creating value for Ceylon tea and to the million or so workers, who made Ceylon tea possible. This was a triggering event in his life, which made him look at the tea industry from a different angle which, changed his outlook and eventually brought in new dimensions to Ceylon tea.

Upon his return from London, Fernando joined A.F. Jones & Co, a British owned company, and managed its tea business, subsequently becoming its Managing Director within a few years. He eventually bought over the British shareholders and ran the business with another partner. In 1962, he set up his own company Merrill J. Fernando & Company, becoming one of the top ten bulk tea exporters in Sri Lanka. Fernando recalls borrowing US\$100 as a loan from his father to start up the business, which he more than repaid by the time he was 33 years. He was instrumental in supplying the first ever consignment of Ceylon tea direct to the then USSR. He gained valuable experience in the tea trade and also developed a healthy relationship with his buyers overseas, especially in Australia. This was at a time that saw many multinationals entering the tea trade in Sri Lanka, and forcing many family-owned businesses to sell their business or go bankrupt. The big companies introduced a culture of discounting and cheap prices to eliminate competition. Tea became just a commodity and the trade was dominated by three or four big companies. These companies' interests lay in sourcing products from multiple origins at the lowest value regardless of quality and branding. The value of tea was soon depreciating and consumers had very little choice in terms of experiencing pure Ceylon tea. The big boys in the trade were more interested in the bottom line, and cared little about the industry as a whole. Merrill witnessed this era where the tea trade was almost destroyed. However, he stuck to his dream and vision and continued to supply bulk tea, developing his contacts and gaining valuable insights into the industry, though he knew he could not continue with this trend much longer. Fernando was different from many potential business leaders; he was driven by a passion and not profit. His passion led him to look at things from a much broader perspective and this eventually led to his success.

When Fernando bought his first tea plantation in 1971, the new socialist government had been in power for less than a month. Their manifesto said they would nationalize all plantations and take over their assets. In spite of this, he went ahead and bought a plantation in Dimbulla, and spent huge amounts in developing it. Under the new government's Land Reform Act during this time, no individual could own more than 50 acres, and hence the government took over Merrill's estate, and in two years ran the business down. He was naturally disheartened but was determined to continue with his vision for Ceylon tea. "At one stage nobody wanted to know me; I was like a leper," recalls Fernando. He made every effort to convince the government and let them know what he was doing, and soon the government began to give incentives to exporters of value added teas.

Going back almost 40 years, when Fernando was a bulk tea exporter, he served two terms in the Ceylon Tea Propaganda Board (CTPB), the predecessor to the Sri Lanka Tea Board, as the representative of the Colombo Tea Traders' Association. During this time, members of the CTPB were exclusively foreigners, and local employees of agency houses or multinational traders. The little marketing knowledge acquired by Fernando impressed all his colleagues at that time. At his very first meeting with the GPB, he emphasized the importance of developing our own brand names. This was an era when branding was hardly heard of, and naturally most Board members ridiculed him for his ignorance of "the realities of the market place". Nevertheless, he stayed true to his strategy. He strongly believed that if Ceylon tea was to survive and avoid exploitation by multinationals, it had to be marketed through value addition.

Fernando recalls the dotted lion symbol introduced by GPB, which was introduced to recognize the local marketers, as a stepping stone in marketing Pure Ceylon Tea. However, CTPB made a fatal error in allowing its use for 50% Ceylon tea. Therefore, blended teas with less than 50% of Ceylon tea too carried the lion logo which gave a negative impression of Ceylon tea. During his tenure at the GPB he recalls speaking to the then Chairman and Managing Director of Brooke Bonds on marketing our own brand of tea to which he responded saying, "Let's stop talking nonsense; we cannot market tea from here." The challenges he faced were enormous, and everyone around him did not believe in what he was saying. But Merrill J. never took a back step, and proceeded to achieve his objective. During this time, he made a presentation before the members of the Tea Board, outlining as best as he could, how he planned to succeed. He took this opportunity to explain to the members that unless bulk tea exporters were assisted to develop their own brands, the tea industry would continue to be subjected to exploitation. Fernando continued with his project "Dilmah", planning to launch it in Australia. This was incidentally the very first attempt by a Sri Lankan company to launch a consumer brand of Ceylon Tea. Unfortunately, a board paper was submitted recommending that due to limited funds, 50% of project 'Dilmah' and all other future projects needed to be funded by the exporter. This was contrary to the procedures followed. Unlike bulk tea exports, value added tea requires huge investments in plant and machinery, packaging, advertising and promotion. It was a daunting and uphill task for an exporter to fund so much money. After much discussion it was finally agreed that the funding would be three way- Tea board, EDB and Dilmah. This was indeed a challenging period to persuade the authorities concerned on the value of brand marketing and to proceed with the project "Dilmah", in the midst of many obstacles. Even after the project was launched, challenges in terms of delayed payments to promotional agencies and the likes needed to be dealt with. Fernando continued with his project with sheer determination and faith, in developing a brand and marketing Pure Ceylon Tea, with its true benefits to the consumer.

In the 1980s, Fernando imported the first tea bagging machine into Sri Lanka, in spite of discouragement and opposition from the Tea Board and his clients. He was the pioneer who initiated tea bags, which did not get much encouragement from either the government or his peers. The machines were underutilized for several years. Merrill faced the wrath of bulk tea customers who believed that Sri Lanka should remain a raw material supply source with Europe, USA, Australia and New Zealand being the value addition points. During this time, Sri Lanka was predominantly known as an exporter of bulk tea, and value addition was taboo. Many raw material suppliers expected Sri Lanka to remain a bulk tea exporter, and not promote its origins as "Pure Ceylon Tea". Merrill Fernando was determined to change this notion. He wanted to build a genuinely ethical brand of tea. In that era, for a bulk tea manufacturer to move into branded tea, was a risk and a move that was discouraged by the marketplace. But Fernando moved forward in pursuing and achieving his vision. Fernando was the fourth largest exporter of bulk tea in the 1970's, and he moved into tea bags as part of his vision in moving towards value added teas.

Fernando thought of introducing his own tea to the world, which would give consumers a quality beverage, and farmers and workers a fair price. He thought if he was successful many other entrepreneurs in the country would follow suit. It would have contributed to alleviating poverty in the

estate sector. With this thought in mind, in 1981, after several years in the bulk tea export business, Ceylon Tea Services was incorporated.

Fernando's dream was never to sell bulk tea and after 38 years in the industry saw the birth of Dilmah in 1988, the first producer-owned tea brand, which was launched in Sydney, Australia, a country that by then he knew quite well, with the contacts he had developed over the years. He coined the name DILMA with an H added through a combination of his two son's names Dilhan and Malik. In 1988, Merrill pioneered three important initiatives which today have become hallmarks of Dilmah. It is distinct in being traditional tea that is single origin tea and packed garden fresh. Traditional tea made in the orthodox style starts with handpicking the leaves and continues through withering, rolling, oxidation and firing, a technique perfected over the centuries. The alternative is CTe, a relatively recent method of production; which Merrill describes as "tea without a soul": Single origin tea is important because one of the most desirable features in tea is terrain - a sense of place. The alternative is to buy tea from wherever it is cheap, and produce a multi - origin blend which is a lower cost option. "It works for coffee but certainly not for tea," comments Merrill. In addition, tea which is garden fresh, guarantees a rich and satisfying cup which is high in antioxidants. Dilmah was created on these foundations. He believed that if the customers experienced Pure Ceylon Tea, which is 100% single origin, that would be the clear differentiator and the success for his business.

When Dilmah was launched in Australia in 1988, the MJF Group at the time was the second largest bulk tea exporter after Brooke Bonds. Merrill supplied tea to many small and medium sized family owned businesses in Australia. So, he knew the Australian market very well and he cultivated Coles as an account, since he knew they were getting their tea packed by the multinationals. Thus, he worked on the buyer. He ensured that the quality of tea was of the highest standard, and developed very close relationships with his buyers, thereby gaining valuable insights into the Australian tea market. He learnt that Australia was a tag-less tea market but gradually moving towards tagged tea bags. During this time, two of his friends who were supplying Coles, approached him privately and requested him to supply tagged tea bags for Coles and Tetley. Merrill at the time had two machines and he readily accepted the order. As things progressed Merrill received more and more orders, and eventually Coles visited his factory in Peliyagoda, and suggested some improvements. Coles were able to sell Pure Ceylon Tea 15% to 20% lower than the locally packed tea since there were no middlemen involved. Gradually the demand for Pure Ceylon Tea increased, and soon Merrill was supplying to almost all retailers in Australia including Woolworths and Franklins. Having been introduced to the market supplying private labels, he then decided to launch his own brand c tea. He remembers the buyer saying, he didn't have a hope in hell of succeeding because the big players knew what the consumer wanted and they did it well. But Merrill believed that the big players knew what was good for their bottom line and not what the consumer wanted.

After nearly a year of convincing, he launched Dilmah. At the time the market leader was selling 100 bags at \$ 1.99 and Merrill wanted to price his tea at \$ 2.90 since he believed the quality of his tea were streets ahead. However, he was asked to bring his price down. "YOL cannot disrespect the market leader, you must sell it below the market leader's price:" was the reply. Reluctantly he had to price his tea at \$ 1.89. He never expected any hostility from any competing brand, since Dilmah was tiny and hardly known in the market. To his horror and amusement at the next promotion the market leader dropped his price to \$ 1.49. It was a price war and Fernando knew he could not sustain his business competing on price. Nevertheless, he knew his tea was far superior to that of competitors and the consumers would be willing to pay a premium since they recognized the difference. Since the consumers were already exposed to the quality of Dilmah, when Merrill spoke to the buyers, they said:

"Merrill, we have great news, we had so many calls from customers thanking Coles for bringing back Ceylon tea:" Therefore, Merrill was in a position to continue with his Dilmah at a premium which offered

customers unmatched quality. Fernando never compromised on quality, since he believed that was his strength which would eventually lead him to his success.

Dilmah brought back quality and integrity into tea. The focus of Dilmah was on quality and freshness, which clearly differentiated it from the competitors. Merrill strongly believed that if the consumer could taste his tea, they would know the difference, and what he was talking about. Unfortunately, until Dilmah entered the market, consumers had hardly any choice. They did not have an option to compare the quality of teas available in the market. With the introduction of Dilmah, things were different. The consumers believed in the brand and it remains the only brand that declares its origin as Pure Ceylon Tea. The consumers rallied around the small man and told the supermarkets "Thank you" for bringing this tea back. Fernando got numerous letters from consumers saying that this was the taste of tea that they were brought up with, the kind that their mother and grandmother had. The word spread like wildfire, and soon Dilmah was the talk of the town.

In the face of embarrassment the big brands in Australia came up with discreet campaigns with the slogan "Buy Australian". Fernando goes on to say, their tea was no more Australian than mine; it was all imported. He also claims that his factory to date is far better than any in Australia and New Zealand, even at that time when he first launched in Australia. The big brands tried every possible trick in the book to block Dilmah from succeeding in Australia. The Australian trade went to the Labour government and claimed that they would lose thousands of jobs if this project came through. But the government said that if it helped the consumer, they would have no objection. Until Dilmah entered the market, consumers had no way to judge the quality and integrity of tea, since all brands were practising the same. Consumers started wondering why Dilmah was different. It reminded them of the quality of tea they had many years ago, which saw the growth of Dilmah. Fernando always worked towards his vision of single - origin tea, and he never deviated from this vision notwithstanding the barriers he encountered. Today, Dilmah is number two in the Australian market and catering to an elite clientele who appreciates good quality Ceylon tea.

Though Dilmah was first launched in Australia, its story, in a way, began in New Zealand, because it was an idea from the advertising gurus that changed the way Dilmah did business globally, personifying the brand. For Fernando, the decision to peg his entire brand on himself was risky and not an idea that he liked. But it first happened in New Zealand. For the first two years in the Australian market, the company used TV commercials fronted by a Sri Lankan model. But there was a constant plea from his ad agency in New Zealand to try the direct approach. After much persuasion from family and friends, Fernando decided to give it a try. During this time, Dilmah had a 3.9% market share in this market. Fernando recalls a moment at Sails Restaurant at dinner speaking to a lady. "Look, if I go on TV, and talk about tea, what will you think, will you buy it?" She said, "Yes, because if you tell us this is your tea, we will trust you and buy it. If the product is good, we will stay with you. If it is bad, you will lose your integrity". That very night the first ad was recorded. The script included how he dedicated his life to tea and ended with a catchy phrase, "Do try it." This was in July. In September, the market share of Dilmah had grown to 9%. Even now, Fernando recalls people calling out "do try it", when he was on the streets in New Zealand and Australia.

With the hype created by the media, Bell Tea, which was the major player in New Zealand, found that Dilmah sales were growing and was eating into its market share quite rapidly. Therefore, the Bell brand launched a Ceylon tea called Rosemount, which failed, and then launched Ceylon Gold Tea to counter the threat from Dilmah. Nevertheless, consumers recognized the difference between the teas and increased its patronization of Dilmah. The response was phenomenal and the people from New Zealand had the opportunity to taste quality Ceylon tea. Fernando recalls undertaking his own marketing and putting his face on a pack of Dilmah as the most sensible thing he did in his life and the greatest investment he made in his brand. He is probably the only person who endorses his own product in the present context. Over the years, consumers did patronize Dilmah with the image of Merrill J. Fernando. It brought in a face to the brand in comparison to the faceless multinationals.

Dilmah at present is the market leader in New Zealand and has been number one for the past four years with a commanding market share of approx 26%.

Due to his dedication, Ceylon tea was soon available in supermarkets in many countries. The multinationals who were by then marketing Ceylon tea was concerned with profit, and hence looked at options of cutting prices and quality, and invariably procured less Ceylon tea which was high in quality and price. Cutting costs and cutting the heart out of a brand are two worlds apart. These were brands built on Ceylon tea, though the consumers could not enjoy the benefits of Pure Ceylon Tea. When Dilmah eventually emerged in tiny supermarket shelves, the multinationals slashed their prices below Fernando's production cost with the intention of wiping him out of the market. But by then, consumers had experienced the difference and knew what Pure Ceylon Tea really meant.

Fernando goes on to say, "I risked every penny I earned to launch Dilmah. When I look back I realize I took risks I normally wouldn't have to". The initial rejection of the business and the hard work put into making it successful gave this business tycoon a thick skin to meet any challenge fearlessly. In a category dominated by multinationals, when no one would dare to take on the challenge, Merrill with his brand Dilmah challenged the market with quality premium tea. Nearly four decades since then, Fernando has been able to create a brand that has created a niche for itself in terms of quality, known the world over and associated with many multinational organizations. Dilmah at present is marketed in over 90 countries worldwide. The journey to date has been filled with many challenges and hardships which Fernando has been able to survive through dedication and commitment.

Fernando's vision now is that the value adding industry he initiated will influence the economy of some Asian and African countries which place reliance on tea for their prosperity. He has changed a regime of exploitation to one of hope and promise of a better life in the Third World. Fernando believes that business is a matter of human service. Giving back to society and especially to the less privileged in the industry was part of his long-term vision. Fernando has a philosophy of sharing his profits and family wealth with the less fortunate. This is also reflected in the management of the MJF Group. His philosophy goes further, as he says, "We bring nothing with us and we take nothing with us. Therefore, the wealth we acquire while we serve here, must be given to those who work with us, to the needy and towards alleviating poverty." He has set an example by establishing The Merrill J. Fernando Charitable Foundation. Some of his wealth has been transferred to the Foundation already, and all of it will be transferred over the next few years. Fernando emphasizes that no individual could singlehandedly establish and build a business, and that the endeavour would only succeed with the goodwill, involvement and dedication of the workers and the community. Fernando believes that his love for the community and the people he works with is a result of his mother's love and kindness shown to the villagers in his early days.

He relates how his family treated the domestics as part of the family. "Isabel, our middle aged domestic, looked after us and scolded me if I made any mistake. My mother would side with Isabel if I argued". He says that his mother taught the five children discipline, value and respect for all. That was the culture in many villages at that time with no difference between master and servant. He still makes it a point to visit the village once a year to give away dry rations to about 200 people in memory of his parents. As Merrill grew up, these customs and habits grew in him. "There was no jealousy, no enmity. If one family was more successful than the others, people admired that family," he recalls. Today, more than half a century later, Merrill's business Dilmah Tea is flourishing and he has not forgotten the pledge he made in the 1950s; his business is genuinely ethical, and he shares his success with his workers and the community through his MJF Charitable Foundation. It touches the lives of more than 10,000 underprivileged each year. He thought that his business should also benefit those other participants. Clearly his vision and passion were the main drivers of his achievement, but he understood that vision and passion alone could yield little without the combined effort and participation of many others. Therefore, he was determined that his business should be a matter of human service.

It took Fernando just under 40 years to bring his family tea Dilmah to consumers. The concept of a young, middle class Sri Lankan seeking to establish an ethical, producer - owned tea business was at the time both controversial and fiercely opposed. Then, as now, big transnational businesses controlled the tea industry. During the four decades he fought to achieve his dream, he continued to fulfill the commitment of caring for his staff and workers as comes naturally to any family business. As his business was blessed with success, his company and consequently his social justice obligation grew. Fernando says, "I decided that while I'm still around I would like to share that wealth with those who helped me get it, and that was why I created the Merrill J. Fernando Charitable Foundation in 1999."

The MJF Charitable Foundation represents an alternative economic model, and it is much more than a charity because it represents a genuinely sustainable and fair way of doing business. This 'way' acknowledges that social justice and the environment are integral elements in any business process. Not as options and not as part of a marketing led Corporate Social Responsibility (CSR) strategy, but as a core feature of the business objectives.

Everything should have a 'reason for being' and business is no exception. Most successful businesses achieve that success not due to the lone effort of one or more individuals but due to the combined impact of its workers, management, the community and the environment. A gesture of thanks is, therefore, the least they should expect. Merrill Fernando, a man of ordinary means who started with nothing, devoted his life to fulfilling a dream which took him more than three decades to achieve. Merrill achieved his dream with the encouragement, support and commitment of his workers, colleagues, community and Mother Nature. The Foundation is the fulfilment of another dream of Merrill's, in giving back to those who gave him success in such generous proportions.

In the case of Merrill J. Fernando, passion blended with "dedication". A man who dedicated his life to tea and the tea drinker, his passion over the years has remained unchanged. Passion is a differentiating ingredient that has led great men and women to excel through their dedication and commitment to a cause, whether a product or a philosophy or both. In the achievements of these individuals, it is clear that passion is more than an emotion which fuels individual drive and offers individual fulfilment. When directed towards a generally good objective, it has the potential to change lives, for passion involves a complex of other factors which, through a simple but fierce commitment, can have much wider implications and benefit. As the passion of the individual nurtures and shares what is best in their area of dedication, that passion can be a powerful force for good.

Merrill J. Fernando proudly announces, "I have devoted my life to tea." At the age of 78, he still makes his own cup of tea out of which the Ceylon supreme brand is his favourite. His vision may be unsophisticated; tea after all is just a herb. But tea has a rich heritage of more than 5000 years and offers protection against many diseases. Therefore, how can a product of this nature be considered only as a herb? The strength and passion of Fernando's commitment to tea did much more than fulfill one person's dream. Although he may not admit it, that passion and the single-mindedness with which he fought, disbelieving government ministry officials, multinational and other vested interests, have driven along with it the fortune industry. His passion for tea ignited in him a desire to offer the real tea that he knew consumers, minus the blending, cost reduction and other corruptions of his beloved tea led to the first genuinely producer- owned tea brand in the world.

It is passion that has kept Dilmah afloat, and interestingly has now given other producers courage to bring their own brands to the market. Fernando believes that it is the consumer who drive the business. The consumer has the power to change the des' the producer through his or her purchases and the producer has the ability to change the consumer through quality, authenticity and well-being. The passion to succeed a passion to achieve his goals and objectives, have made him the man he is today. The many leaders in this modern world who drive their businesses through his or her subord' or with the advice of experts. It is rare to find a leader who believes in himself and his v' and strives hard to achieve the targets without hesitation. Merrill stayed true to his pro • consumers throughout his

career and his vision has remained unchanged. To date consumers comment, "You are not a faceless multinational, Dilmah has a face to it."

Titles are granted, but it is your behavior that wins your respect. Exemplary leaders know if they want to gain commitment and achieve the highest standards, they must be models of the behaviour they expect of others. True leaders model the way. Fernando knew what he wanted. He wanted to build a brand which represented quality, heritage ethics. Every decision and action he took was guided by his vision, to build a brand of his. At a time when many thought that building a brand for tea was not a feasible proposition in fact used various means to discourage the work of Fernando, he challenged this notion marched forward to make his dream a reality. "I was quite young and had acquired a work knowledge of marketing. My little marketing knowledge appeared to be very significant the total absence of any among my colleagues at the time. At my first meeting with drove home the importance of developing our own brand names. That was over 40 years Most members of the Board ridiculed me for my ignorance of 'the realities of the market place'. Nevertheless, I stayed true to my strategy for eight years." These very own words Merrill Fernando describe the vision he had for tea and for creating his own brand name. Dilmah is a renowned brand of tea globally and is the highest exporter in Sri Lanka.

Though the MJF Group is a family-owned company, its staff shares the same vision and go of its founder. The workers take pride in getting involved with a global brand. Fernando been successful in creating a vision for his organization, which includes all his staff members. He lives, breathes, drinks and talks of nothing but the goodness of tea. This 78-year-old man is a formidable encyclopedia of all things to do with tea. It is his single-minded passion that he made Dilmah a 100% Sri Lankan brew and the number three brand of tea in the world Donning an apron with his name embroidered on it, Fernando to date tastes up to 5000 cups of tea a month and is one of the very few makers of tea who develops his own tea. This is the level of dedication and passion he has for tea. Moreover, another first would be the regular overseas visits Merrill still makes to meet buyers across Dilmah's top selling markets.

Being the visionary he is, apart from developing his own brand, he had a vision to eradicate poverty in the developing world and replace it with wealth creating self sustaining economies. Many might think it is a hopeless vision or at least one that will take decades or centuries to achieve. But Fernando is quite hopeful that some day he could make a difference. It took him nearly three decades to realize his dream for tea; hence his vision remains unchanged. Fernando is no feather-headed idealist; he is a visionary who believes anything is possible if you commit yourself to it. He has taken on the world's largest multinationals, who today are his biggest competitors. Fernando's vision is based on what he has himself achieved in a business career that is as long as it has been successful, building a brand that is sold direct to the consumer, and reaping the rewards from the value added end of the tea trade.

Better known as the CEO who makes his own tea, Merrill Fernando wanted to bring back quality, authenticity and ethics, which were fast diminishing, to tea. He believed that the tea drinker had the right to know what they were drinking and hence pioneered the concept of single origin tea. In this process, he was challenged by the multinationals that were focusing more on bulk tea and lower prices than quality. As at now the company is Sri Lanka's largest exporter and manufacturer of tea bags accounting for over 21 % of the country's total exports. His vision was based not on the politics of development, but rather on the simple fact that by supplying consumers direct from origin, the quality and freshness of tea could be improved without additional cost in every market. Naturally, the multinationals thought differently since their interests lay in sourcing products from multiple origins regardless of quality, and branding the commodity in a manner so that origin would not be of relevance. At present, other tea growing countries are beginning to follow in Fernando's footsteps.

Leaders inspire a shared vision. They have the desire to make something happen, to change the way things are, to create something that no one has ever created before. In some ways, leaders live their

lives backwards, they see pictures in their mind's eye of what the results will look like even before they have started their project, much as an architect draws a blueprint and an engineer builds a model. Their clear image of the future pulls them forward. Nevertheless, a person with no constituents is not a leader, and people will not follow until they accept a vision as their own. Leaders cannot command commitment; they can only inspire it. To enlist support, leaders must have intimate knowledge of people's dreams, hopes, aspirations, visions, and values. Fernando's vision for tea and the tea drinker was unique and different. He ensured that his customers shared this dream along with his team at Dilmah. Fresh tea is richer in antioxidants and Fernando wanted to offer his consumers tea that was garden fresh, picked and packed at origin. At the time there was no clear origin for tea with many of the multinationals involved in multi-origin blends. Many wouldn't have believed in his idea in taking up the challenge to big multinationals. But Fernando believed that he had a unique vision that no other in the industry thought was realistic. Therefore, he worked his way hard to achieve this ultimate objective. Fernando says, "The companies, the staff, right down to the tea pluckers, are dedicated to making sure we put out only the finest quality of tea."

All leaders challenge the process. They are pioneers who are willing to step out into the unknown. There is also an element of risk that needs to be taken to be successful as a leader. Yet not everybody is comfortable with risk and uncertainty. At the time Fernando was challenging the "realities of the market place" there was a significant risk in his idea of starting up his own brand of tea failing. In that era Sri Lanka did not have many marketers who could have built a brand that would have conquered the world. He also did not have the support and encouragement from the Tea Board and his peers. Even as a member of the Ceylon "I Propaganda Board (CTPB) he did not hesitate to point out flaws in administration, and suggest corrective action towards making it a dynamic arm of the tea industry.

Leadership is a team effort. Exemplary leaders enable others to act. They foster collaboration and build trust. They engage all those who must make the project work and in some way those who must live with the results. Leaders make it possible for others to do good work as they work to make people feel strong, capable and committed. Fernando now shares his empire with his two sons Dilhan and Malik, who he believes, will continue his vision in the years to come. He strongly believes the Fernandos have the passion he shared for tea several decades ago, and hence the company and brand will continue generation after generation. Merrill J. Fernando believed that Ceylon tea should be paid a higher price to what it was offered; he felt that the tea growers in Sri Lanka deserved it. Therefore, he pioneered the concept of single origin tea. Many multinationals that are very successful do not have a vision or a passion for the business compared to Fernando. Dilmah is probably the only brand of tea which has a rich story and heritage, which they share with their consumers. It takes hard work, dedication, discipline and commitment to build a business on ethics and values and more importantly compete with multinationals.

Merrill Fernando and his sons Dilhan and Malik built Dilmah on a foundation of family values. These family values, also known as the five pillars of success, have been a hallmark of Dilmah and is the basis of making their business a matter of human service.

Ethics: Fernando acknowledges that no one could singlehandedly establish and build business, and any business would succeed only with the dedication and commitment of the workers and the community. Therefore, going beyond just business and ensuring the welfare of the underprivileged in the worker communities is a pledge he has kept for more than three decades. The MJF Foundation, Dilmah conservations and the environment are a result of his vision of giving back to society who has contributed to his business. Dilmah is a brand with a conscience bringing a smile to the faces of hundreds of workers in the community through its sales. These ethics also apply to its customers and communication.

Integrity: Merrill Fernando built his empire on five key philosophies which to date remain unchanged and are shared by his staff members. He developed a culture where honesty and integrity in every

contact with customers, partners and retailers we maintained. The concept of single origin tea which is the key differentiator Dilmah is still maintained in every pack. Fernando claims that customers of Dilmah know exactly what is in their pack and what they expect from Dilmah. Together with his sons he shares his story simply and openly on television and print media endorsing his product which was built around passion and integrity.

Quality: Maintaining the highest standard of quality for its products, beginning from the tea offered to consumers and extending it to the equipment used to manufacture and package them to industry leading standards has been a continuous practice at the MJF Group. As at now the factory is equipped with the most modern machinery, and is kept up to date with the latest technologies. The factory is ISO 9002 and HACCP certified, and has been admired even by their competitors. Life has become a compromise in tea. It has become a compromise between quality and tea. Quality is one aspect that will not be compromised at MJF, since it is this quality that made the difference in the industry, and which continues to do so.

Customer: Fernando makes it a point to reply personally to each and every customer complaint or comment while each pack carries a personal guarantee by Fernando reflecting his sincere commitment. Dilmah ensures that its customers receive the highest quality and ensures customer expectations are met at all times. Going further, Fernando always tries to accommodate customer requests and suggestions and ensures feedback in case it cannot be implemented.

Tradition: The Fernando family built their business around their love for tea; today Dilmah is the only vertically integrated tea company with its own tea gardens, some of Ceylon's best tea estates and state of the art printing and packaging facilities, tea packing and investments in every segment of the industry. As Fernando often says, 'My family cares for your tea, from the tea nursery right to your tea cup.' Innovations at Dilmah are respectful of the traditions of an industry that is centuries old. Moreover, Dilmah is committed to protecting these traditions, communicating them to the world through the industry service projects and the MJF Foundation. While commoditization continues among the big brands, Dilmah is distinct in being traditional tea that is single origin and packed garden fresh.

Merrill Fernando's vision for tea was unique and significant. It was a different vision for tea and the tea drinker. He wanted to bring quality, authenticity and ethics back to tea. Fresh tea is rich in antioxidants and so he wanted to offer his consumers tea that was garden fresh picked and packed at origin. He strongly believed that consumers had the right to know exactly what they were drinking and so he pioneered the concept of single origin tea. The multinationals continued to source the product from multiple origins regardless of quality, but Dilmah challenged this notion and explained the reasons to the tea drinkers. In this process, the brand created a segment in the tea market that was driven not by price but quality. Dilmah is a living brand; it represents traditional values of humanity and the passion of a family and a team of dedicated individuals who care for Dilmah tea from the tea nursery right to the tea cup. The founder of Dilmah guides his brand by his philosophy of giving back to the community and rewarding the workers that make Dilmah possible. That philosophy drives a vision for quality, authenticity, innovation and healthfulness; all these are reflected in the quality of Dilmah while bringing back real tea, with a quality and taste enjoyed decades ago when people with vision and commitment offered quality tea in their brands.

Fernando's Dilmah tea guaranteed consistency in its quality and taste. Most brands, even those which built their names on quality Ceylon tea, have abandoned Pure Ceylon Tea in favor of multi origin blends. Teas are blended in this manner as a cost reduction exercise since teas from Ceylon are generally the most expensive. While multi origin blends benefit the brand owner by reducing their cost, the consumer loses the guarantee of consistency, quality and authenticity that unblended teas like Dilmah offer. Since the birth of the Ceylon tea industry in the late 1800's, Ceylon has been recognized as the home of the world's finest teas. Some years ago most international brands relied entirely or very largely on Ceylon tea for their quality. Growing demand and competition in the market

place drove these traders to cheaper sources for their tea. They used less and less Ceylon tea and today, most of them use no Ceylon tea at all in their packs. This means their teas taste different and contain different tea from different sources, even though the packaging remains largely the same.

Dilmah tea is packaged into consumer units within days of picking fresh leaves in the tea gardens. Most other international brands are packaged in consuming countries. That tea is generally eight to twelve months old by the time it is blended, packaged and delivered to supermarkets. Tea that has aged in this way, travelling thousands of miles from growing countries to blending centres around the world, lack freshness, flavour and have few or no antioxidants. Research has shown that important antioxidants in tea deteriorate after around five months and completely vanish after a year. Fresh tea is, therefore, richer in healthful antioxidants and is better for the consumer. Dilmah was built on this principle of giving the consumer true value. Dilmah Ceylon Black Tea is packed at source in Sri Lanka, right where it is grown and shipped refreshingly fresh to supermarkets around the world. Being packed and shipped direct from origin means that revenue from the sale of Dilmah tea comes back to Sri Lanka to benefit the industry and its workers. It also means that Dilmah teas have a richer, more authentic flavor and character whilst being more healthful. As a family company with a commitment to honesty and tradition, Dilmah remains with traditional tea. Fernando goes on to say, "We are the only vertically integrated company in the tea business in the world, we have farmers bringing our crop to the market, with no middlemen, just the family and our workers, and of course the all important customer. Our workers benefit because the most important aspect of our family business is that we retain in Sri Lanka all the benefits of value addition that go to foreign companies in respect to all other brands: 'The stepping stone for value addition was in 1980, when Fernando imported what he claims to be Sri Lanka's first tea bagging machine, an asset acquired after much political wrangling. Since then there has been no turning back for Dilmah teas.

Dilmah is different to all other teas, in its quality, in its taste and freshness and in the philosophy behind the brand. It is a living brand, representing traditional values of humanity and the passion of a family and a team of dedicated individuals. Dilmah brings back real tea, with a quality and taste enjoyed decades ago when people with vision and commitment offered quality tea in their brands. Merrill J. Fernando built his brand on ethics which he strongly believed in and he ensured that his customers shared the same passion.

Merrill spends most of his time tasting teas, replying to consumer letters and occasionally going out to the plantations. Dilmah places major emphasis on product developments and continuous improvements. His son Dilhan goes on to add, "The weekends we devote to the Foundation activities and the weekdays to Dilmah:'

Merrill says that he generates ideas when he travels overseas, since in Colombo he has no peace. His typical day would start at 5.a.m and go until 8 p.m. Of course with his current health, he has minimized his time at work but still puts in his best effort whenever required. When he is away, he sets aside a day from his programme to generate new ideas. He goes on to say, "Very foolishly most of our people stand out displaying wealth with five or six cars and sons going mad zooming all over:' He says, "All you can do is to provide your children a decent education. At the time I was building my business, I could not look beyond the next three years or whether I will have a business or not. I decided I would provide my children with a good education:' People try to paint different industries with the same brush, which is not the case with Dilmah. Fernando never tries to get publicity for the charitable work he does, unless it is tied up with an international organization. He has helped hundreds of families through his Foundation, which is not known to the public in general. His Foundation has been supporting the hospices in New Zealand and after addressing a convention he recalls a man calling out at him saying, "You know Mr. Fernando, I must congratulate you and thank you for what you have done. The greatest thing in what you do is that you never asked us for anything in return. You just gave."

A leader with a blend of professional will and humility, Fernando is a person who looks out of the window and not in the mirror to apportion credit for the success of the company. As he says, no individual can build a business of his own; he gives credit to his staff and his workers in the estates for making Dilmah a global success. Leaders of his calibre are also known to be selfless and channels ambitions to the company and not to one's self. Throughout his career, Fernando has made every effort to revive the tea industry in Sri Lanka and bring back the quality of Pure Ceylon Tea. A characteristic of a good leader would always be to build successors for success. In this aspect, Fernando has groomed his sons providing them with a sound education and family values to take over the business and is confident that his grandchildren will also follow suit. A person who demonstrates an unwavering resolve to achieve whatever it takes in the long term, Fernando has worked all his life to build his empire and to achieve his dreams and aspirations amidst many challenges.

It is not hard to see why this self-made tea baron is so successful. He readily admits to wanting to slow down and take things easier, but that day is yet to arrive. Admitting to not being a fitness fanatic, he plays a lot of tennis on the home tennis court and the occasional round of golf and the odd swim. It is easy to see that Fernando has impeccable taste, which reflects well in the quality of his tea and his well groomed demeanour. Always nattily dressed, he has a self confessed craze for designer ties, shoes and socks.

Today, the bulk of the work at Dilmah is being carried out by Merrill's sons, Malik and Dilhan. While most things in life have brought him immense joy, there is regret in this great man's life. He is saddened that no one has followed the example of Dilmah in marketing good quality Ceylon Tea. Twenty years ago, nine out of ten packs of tea in the supermarket shelves in the UK displayed Ceylon Tea. Today hardly anyone declares it other than Dilmah. After all, Merrill through his vision brought back Pure Ceylon Tea which was fast diminishing at the hands of the multinationals. It benefited the tea industry in general but no one wanted to build on this foundation. In one of his speeches at the Melbourne University, he said, "I manage my business and marketing in my own way. I have not read any books on marketing or on business ethics. The values my parents built into me in the little village I was born in, remain my strength and my guide."

Merrill humbly says, "I'm a bad example, because I have tried to get into the big world of multinationals and big corporations in the world of tea, which even today some people I talk to say I can't do. But then I ask how I did it? They say I'm an exception. But I'm no exception. My advice is, get into a business that you know and which you have control of. If you rely on others to provide the expertise while you just watch and fund it, that rarely works. You need to target your ambitions in an area saying, I know the product or project well, and even though I will need engineers and other skills to develop it I know I'm the brains behind it. If you are going to compromise your quality by growing bigger, that's a fatal mistake. Keep your ambitions in control and within a degree that you have control over. If you try to capture the whole world, you are destined to fail;" concludes Fernando.

The journey of Merrill J. Fernando has been very painful, humiliating and at times frustrating. But he remained with his vision and passion throughout his life. If there is a lesson in Dilmah, it is quite simple. Merrill Fernando followed his dream relentlessly and honestly and he shared it with his customers. Every aspect of his business revolved around this dream and vision he had. He brought in a new dimension to the tea industry, in spite of the large multinationals dominating it. Dilmah is a niche tea and is undoubtedly one of the top ten global brands. Now, Merrill J. Fernando and his sons Dilhan and Malik together with the team at Dilmah are offering tea drinkers around the world a truly different experience. Dilmah presents an unmatched collection of teas each tasted and selected with the benefit of decades of experience in tea, and most importantly, marked by genuine innovation and a passion for quality. "Do try it".

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