

From Dirt and Scrap to Gold: A Vision for Entrepreneurship in Indonesia

Can poverty be turned into prosperity? Is it possible to start with no capital and later be a thriving entrepreneur? I, as well as millions of entrepreneurs in all parts of the world, fully believe it is.

The phrase “turn dirt and scrap into gold” is an expression intended to convey a philosophy—the philosophy that has guided my own entrepreneurial journey for five decades. The key to that philosophy is responding to adversity with creativity and determination.

My own life story and the stories of other successful entrepreneurs show that even the desperately poor can become prosperous if they properly apply their entrepreneurial skill. I believe this is also true for entire countries if they take proper measures to promote human-powered development by targeting recent college graduates.

A CASUALTY OF THE JAPANESE OCCUPATION

I was born in Parigi, Indonesia, on August 24, 1931, and grew up in a village called Bumbulan. When I was a young child, my family owned a house and a grocery store. I was a content child, until a tragedy turned our lives upside down.

When I was 12 years old, my father was arrested by the Japanese military and was falsely accused of being an informant for the Dutch. He died soon after in a prison in Manado, and I do not know to this day where my father was buried. In what seemed an instant, I became a fatherless child and my family became poor—we not only lost my father but also the grocery store, which the Japanese closed.

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Hard work colored our days; I was accustomed to hunting wild animals with spears with the help of our 17 dogs. We ate the meat we needed and sold the rest to support the family. We also grew as much food as we could, and one of my tasks was to sleep in the field at night to guard our plantings.

In my preteen years, the age when most teenagers today enjoy owning brand-name goods, I was forced to become a young entrepreneur. I had to sell

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the food we grew and the meat from the animals I hunted just to survive. In addition, I made hats from leaves and sold them in the market. I had to grow up fast, and quickly lost any sense of embarrassment or reluctance. The manner in which I spent my teenage years planted the seeds of entrepreneurial spirit inside of me. The seeds grew with maturity over time, and produced a big yield because of the need to survive.

Meanwhile, I attended our modest elementary school, which demanded additional hard work and determination. Back then there was no public transportation, and I had to walk the seven kilometers to school in bare feet. I had to leave early each morning, and on the walk home after school the suffocating heat or heavy rain kept me company. My empty stomach also annoyed me from time to time, but I eventually became accustomed to it as a normal thing. Being hungry often made me sad, but then I learned to think of the stomach noises as a kind of symphony. Clearly, I somehow survived this adversity. Throughout my most difficult years, I remained optimistic that I could turn misery into wealth.

Even as a boy, I understood that education would free me from the poverty and suffering I experienced. I am grateful for all the lessons I learned in the school of life, for even though I had to pay for it with so much pain and misery, it taught me how to manage failure in order to succeed.

DEVELOPING MY ENTREPRENEURIAL SKILLS

In 1960, I received a diploma from the Institut Teknologi Bandung (ITB), where I studied architecture. The most valuable thing I gained while at ITB was not my diploma, but the architectural creativity that complements my entrepreneurial skills and has helped me become a successful developer in Indonesia and many other countries.

My entrepreneurial skills began to kick in during my second year at ITB. My mother stopped sending me a monthly allowance and I had to go to work

to support my life. I began to sell batik, a popular fabric in Indonesia, which I bartered for in Bandung then sold to my patrons in Medan.

In my senior year at ITB I established a consulting firm, *Daya Cipta*, with two ITB schoolmates. It required hard work and discipline to successfully juggle the consultant firm and my studies, but it paid off: the company still exists today under the name of PT Perentjana Djaja.

Just imagine what would happen each year if our education institutions could produce hundreds of thousands of graduates with entrepreneurial skills. It would not only benefit the graduates—people would also get better products or services, more tax revenues for the government, unemployment would decrease, and innovative services would further improve the social and economic conditions of millions. This is the vision I began to see during my final years at ITB. Over the past 50 years, through the pursuit of dozens of development and entrepreneurship projects, I have confirmed this vision.

BUILDING “THE DISNEYLAND OF INDONESIA”

In 1967, the Ancol area of Indonesia’s capital, Jakarta, was swampy lowland that no one wanted to visit. That year, in my capacity as the CEO of a real estate development firm called PT Pembangunan Jaya, I presented a development plan to Bang Ali, the governor of Jakarta, to turn Ancol into a major urban and tourism development. He instantly approved and said, “Make Ancol the Disneyland of Indonesia.”

In fact, during the project, I requested a partnership with Disney America to make Ancol the “Disneyland of Indonesia.” They rejected my request, but I knew I could prosper through my vision of nothing but gold for Ancol, despite that what laid in front of me was dirt and scrap. I thought to myself, “What should I do to turn this dirt and scrap into gold?” In hindsight, I used three core entrepreneurial skills to develop this project.

First, I used my entrepreneurial creativity to analyze the problem of Ancol. I let my imagination explore all the activities that could actually be considered in this dreadful place. I did not allow myself to be hindered by these obstacles, weaknesses, or shortcomings. I focused on the potential and opportunity that I could reach.

Second, I innovated. We developed part of Ancol to sell to build commercial centers for profit, while we kept other parts for ourselves. In other areas, we built, and we leased land to raise capital to build our recreational park, which needed long-term investment. Creativity does not just apply in fields like design. An entrepreneur relies on creativity to finance a venture.

Third, I took calculated risks. I took this step after I created the opportunity and innovated. I applied for a credit from the bank; however, the bank did

not only ask for collateral, I had to provide a personal guarantee. As an entrepreneur, I took this risk because I was certain that Ancol would be successful.

Now Ancol is the largest integrated tourism area in Southeast Asia, and with about 13 million annual visitors one of the largest in the world.

BUILDING AN INTERNATIONAL CITY FROM SCRAP

I started to examine Vietnam in the early 1990s. Through Metropolitan Group, I decided to enter the Vietnamese market instead of China, based on the fact that Chinese land was too expensive. As China's neighbor, Vietnam had great prospects. In the mid-1990s, supported by Vietnam's state-owned corporations, we built Hanoi Horizon Hotel, a five-star hotel equipped with 350 rooms.

During my time in Vietnam, I had the idea of building an international city from dirt and scrap while I passed through the area between the international airport and central Hanoi. Previous development projects helped me to understand the potential offered by international airports. In Vietnam, I visualized a world-class, international satellite city of 300 acres adjacent to the Hanoi Central Business District—ten minutes from Noi Bai Airport and ten minutes from the city center—to serve the needs of expatriates.

I presented my vision for a comprehensive international city to the Vietnamese government and convinced them that Hanoi needed central development instead of a collection of smaller projects spread out across two or three acres. Through Ciputra Group, I worked with a state-owned Vietnamese corporation and established a new company. Ciputra Group owned 70 percent of its shares; our partner owned the rest. Currently, Ciputra-Hanoi International City is one of the largest property corporations in Vietnam and it has a terrific reputation. It received the Foreign Investment Award from the Vietnamese government in 2005 for its contributions to the attraction of foreign direct investment in real estate.

Again, I created the opportunity. An entrepreneur derives his or her mindset from imagination. My entrepreneurial imagination made me see, think, and be impressed by things in completely new ways. Every day, thousands of people passed through the same area. Why didn't someone else have the vision to build an international city near the airport?

DEFINING THE ENTREPRENEUR? DEFINING MY VISION?

How have these experiences—from my childhood to creating entire cities out of scrap—defined my vision of entrepreneurs? Entrepreneurs represent a segment of the world that turns dirt and scrap to gold. While just an expression, the philosophy behind it holds far more importance than the denotative meaning. Transforming something from scrap into something of value relies on change and creativity. Unlimited opportunity is all around us. However, to cre-

ate anything new we need to see the world with the eyes of an entrepreneur, develop a creative imagination, and have the courage to take action through calculated risks.

With more than five decades of experience as an entrepreneur, as illustrated in my stories above, I have derived three important lessons from turning dirt and scrap into gold:

- Creating opportunity, not only seeking opportunity
- Innovation
- Calculated risk-taking

What can development experts and policymakers learn from the entrepreneur's skill set? They must ask the same questions that an entrepreneur asks: Can I turn poverty into prosperity? Can I start with no capital or zero capacity and expect to build a thriving country?

To answer these questions, consider Singapore—a tiny city-state that astoundingly has become one of the most prosperous countries in the world. It did not start from a point much different from that of many other countries. Take a look at photos of Singapore from 50 years ago and compare them to the photos of

Jakarta and capital cities of similar countries from the same time. Basically, they were the same. Singapore did not have the sophisticated businesses, transportation, or housing systems it now boasts. Now compare the public infrastructures, public housing, and the quality of life of Singapore and several other countries. We can effortlessly find a huge gap. For instance, in Singapore almost everyone can own a house. In contrast, one easily finds vile dwellings in many other developing countries. So what's the secret?

In my opinion, it is because leaders in Singapore have the talent to transform dirt and scrap into gold. They support the creative potential of everyday citizens and promote entrepreneurship. Importantly, Singapore has less corruption than many other developing countries. A start as a poor country does not necessarily mean that the country has to stay poor. Consider the many other countries that have turned dirt and scrap into gold—Dubai, Japan, Switzerland, and Taiwan, to name but a few. These countries look to their human resources, not physical resources or industries, to turn dirt and scrap into gold. Poverty in a country can end if the leaders and the productive potential of young genera-

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tions possess the skills to turn dirt and scrap to gold.

Just imagine what would happen if our educational institutions could produce hundreds of thousands of graduates each year who have entrepreneurial skills. It would not only benefit the graduates. Banks and other financial insti-

tutions could provide loans for small corporations; new services and products would create community solutions; new and better employment opportunities would appear; tax revenues would increase; and decreased unemployment would lead to improved social circumstances.

What happens in reality, however, is quite the opposite. Since only a few people

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possess entrepreneurial skills, employment opportunities are limited, and poverty abounds. Countries such as Singapore and Japan become economic miracles, when what they do is really quite simple.

GET READY TO STAND IN LINE

It breaks my heart to see young generations, particularly university graduates, who put high hopes in their diploma and never get their dream job. Employment opportunities can no longer compete with the overwhelming supply of an educated workforce. Consider the following facts: In June 2006, Jakarta's ministry of education posted 950 job openings. They received 39,622 applicants. In January 2002, the national Indonesian TV company reported more than 110,000 applicants for 500 job openings. A single job opening in Indonesia is sought by 200 applicants. In 2006, 323,902 individuals graduated from university in Indonesia. However, the workforce absorbs so few of them that more than 740,000 university graduates could not find work by February 2007. That number increases over time. In just six months, from August 2006 to February 2007, the number of unemployed college graduates went up by 66,578 people (9.88 percent). These statistics become more troublesome if we include the number of half-time employed or underemployed college graduates. Are we going to let this huge problem continue to grow?

Unemployment like this leads to poverty, and poverty leads to so many problems, from social issues to natural disasters. It is not difficult to find a correlation between terrorism and poverty, illegal migration and poverty, human trafficking and poverty, child prostitution and poverty, global warming and poverty, and even the correlation between flooding and poverty. Without

strategies that address the issues of unemployment and poverty, we will leave the door open to those problems.

THE NEED FOR A NATIONAL ENTREPRENEURSHIP STRATEGY

David McClelland stated that a country will prosper if entrepreneurs comprise at least 2 percent of the population.¹ Singapore, based on the report of the Global Entrepreneurship Monitor in 2005, entrepreneurs made up 7.2 percent of the population, up from a 2001 figure of 2.1 percent. By comparison, 2.14 percent of Americans are entrepreneurs. In Indonesia, estimates suggest that only 400,000 people are self-employed, or only about 0.18 percent of the population. With 220 million people, Indonesia would need 4.4 million entrepreneurs to match McClelland's suggested 2 percent. Lester Thurow has said, "There are no institutional substitutes for entrepreneurial change agents." How do we get there when an entire generation graduates, only to stand in line for work that does not exist?

We can teach and train entrepreneurs with the appropriate methodology. I share this belief with others, including management expert Peter Drucker, who stated, "The entrepreneurial mystique? It's not magic, it's not mysterious, and it has nothing to do with the genes. It's a discipline. And, like any discipline, it can be learned." Entrepreneurship education produces graduates who know a great deal about entrepreneurship and understand the practice, and are ready to become the employees of entrepreneurs. I emphasize the importance of mindset and spirit building during the learning process.

Is it possible to prepare individuals to transform dirt and scrap into gold in huge numbers? That is, to perform a quantum leap on a national scale that dramatically increases the number of entrepreneurs? I strongly believe that it can be done, even if it's a long-term project. Entrepreneurship education will have a huge national impact if we successfully produce four million new entrepreneurs from the graduates of Indonesian educational institutions in the next 25 years. I have three ideas on how to make a quantum leap to overcome unemployment and poverty through this entrepreneurship education. First, we should integrate entrepreneurship education into the national curriculum at the elementary and secondary level. Second, at the level of higher education, I recommend that we create and develop entrepreneurship centers at major universities in Indonesia and developing countries. Third, I imagine the creation of entrepreneurship training within communities, supported by the government or the community itself, to reach a broader range of people who do not get formal education.

For my part, I established the University of Ciputra in 2006. This university resembles other universities in Indonesia and meets the requirements for higher education in the country. From the moment they step onto campus, all

students are exposed to continuous entrepreneurship training and education. I want our campus to produce new graduates who “entrepreneurize” their majors. Thus, they do not need to add to the already long line of job seekers in Indonesia. Instead, they can add to the number of employment opportunities.

I know that the University of Ciputra can never solve the issues of unemployment and poverty in Indonesia alone. The problems have roots that go too deep and reach throughout Indonesia, from Sabang to Merauke. In my opinion, there should be more schools, universities, government units, and non-governmental organizations that train their students to become entrepreneurs who can transform dirt and scrap into gold. As a result, I established the Universitas Ciputra Entrepreneurship Center. It develops the entrepreneurship education model and curriculum and endeavors to inspire and provide information to those who would like to apply it to the national system.

I ask the government to integrate entrepreneurship education into the national vision, mission, strategy, and program. The objective is to overcome poverty and build the wealth of the people in a reasonable and prompt manner. I strongly believe that national entrepreneurship education policy that spans from kindergarten to the university level is the quantum leap strategy needed to achieve the goal of prosperity for our nation. Without preparation that empowers each citizen to become a job creator, the nation’s welfare in the challenge of the 21st century will only become a utopian dream.

REFLECTION

In November 2007, Ernst & Young named me the Indonesian Entrepreneur of the Year. I went to Monte Carlo as Indonesia’s representative at the event, which was attended by 50 entrepreneurs who were selected from 900 of the most successful and innovative entrepreneurs from 50 countries.

My experience in Monte Carlo confirmed my belief that those with entrepreneurial skill can have a great impact on society. Two things likely happen when someone has the ability to turn dirt and scrap to gold. First, they can live not only free from unemployment and poverty but above the average, and maybe even become rich. Second, entrepreneurial skill makes it possible for these people to perform philanthropic acts to help others. Many of these world-class entrepreneurs don’t just become rich, they provide benevolent services, as they have the spirit of sharing and giving to the community.

With the blessing from the Almighty, as I near 80 years of age, I can see the vast growth of the three business groups I helped to establish: Jaya Group, Metropolitan Group, and Ciputra Group. By 2007, Jaya Group had built around 29,800 houses; Metropolitan had built 17,365 houses; and Ciputra Group had built around 32,300 real estate units and 18,100 simple houses, for a total of 97,576. More than 14,000 people work for these companies, and each year the

new generation of entrepreneurs starts new projects. We have finished around 100 property projects that consist of big cities, small towns, office buildings, hotels, malls, hospitals, and many others. Thus far, Ciputra Group, Jaya Group, and Metropolitan Group have built or jointly built ten schools and three universities. All of these schools and universities have produced over 50,000 graduates. Currently, schools are still being built that later can graduate an additional 30,000 students.

As a business entrepreneur, I deserve and must get financial benefits. However, it appears that it is not the only thing that I get. I blissfully witness that what I have done as an entrepreneur has created employment opportunities, prosperity, and joy for so many people. The media has called me a conglomerate, and I regard the title as an honor. Some have called me a capitalist. I do not mind it, since I sincerely want to be a good and creative capitalist.

Now I put serious effort into the activities that help more people in Indonesia understand that an entrepreneur's work is noble and incredible. However, we must have the right objective and the right skill. This reflection always underpins my belief that the skill to turn dirt and scrap to gold, or entrepreneurship skill, is truly valuable.

MY CALL

Through my book, I tried to convince the public and the government that we all need to work together. We must mobilize tremendous energy to inspire, educate, and train Indonesia's young generations so that they have the skills to turn dirt and scrap to gold. We must fully support those who are ready so that the number of small and medium enterprises in Indonesia continues to rise.

I do not know of a better way to multiply the prosperity of people other than to empower them through education that teaches them how to create their own work. I underwent this process unintentionally through my family and life experiences. Together we can develop structured and systematic education to foster the entrepreneurial spirit and skill of our young generation. It can be done; however, it will not be easy and will require a long period of time.

My success has not been defined by wealth, power, and fame, but something much broader: surviving the storm of life. I have learned to value life. I thank God, who guided me through my early experiences, which in retrospect gave me an invaluable educational experience. It gave me a strong sense of empathy, and a desire to help people through difficult times so they can rise and thrive as successful individuals.

1. Quoted in Moko P. Astamoen, "Entrepreneurship" Bandung: Alfa beta, 2005.