

Entrepreneur Fumihiko Konishi Caps His Career Serving Halal Sushi For The Masses



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Founder Konishi at a Sushi King restaurant in Penang.

By Chen May Yee

It's 7:22 sharp one recent evening in the holy month of Ramadan, and the Muslim call to prayer drifts through a mall in the Kuala Lumpur suburb of Wangsa Maju. Another day of fasting is over.

At the Sushi King fast-food outlet, 13 of 15 closely packed diner-style tables are already filled with patrons, chopsticks poised. Right on cue, the chopsticks dive down on little plates of salmon sushi, edamame and--in a local twist spicy chicken cheese rolls, all picked off a conveyor belt snaking through the restaurant. The kitchen staff works quickly to replenish the belt with fresh plates.

Fadzilah Norizan, a 29-year-old wearing a pink headscarf, has come straight from her job as an account executive for an oil-and-gas-services company. She first tried sushi as a college student and is wild about wasabi and "every kind of salmon dish." She eats at Sushi King two or three times a month.

The all-you-can-eat Ramadan spread was introduced this year after Sushi King, a 22-year-old homegrown chain with 113 outlets across Malaysia, got certified as halal, the Muslim equivalent of kosher. Adults eat for around \$8 and children for half-price. That Malaysians now regard sushi as just another fast-food option along with McDonald's and Kentucky Fried Chicken is largely due to one man--a Japanese pharmacist and serial entrepreneur named Fumihiko Konishi, who came to Malaysia more than four decades ago and stayed. Funnily enough, he never planned to open a sushi restaurant.

The Halal Stamp

Konishi is an energetic 73-year-old with a full head of black hair who power walks 6 to 7 kilometers each morning in Penang's Botanic Gardens to stay fit. In 2007, he was bestowed the title Tan Sri by the Malaysian king, the rough equivalent of a knighthood. He controls 61% of listed Texchem Resources, which owns Sushi King; the stake is worth \$25 million. Last year, he gave up the role of chief executive of Texchem but remains executive chairman and still directly oversees its restaurants and new ventures.

He expects the number of Sushi King outlets to grow to 122 by the end of the year. Texchem's restaurant business brought in \$55 million last year, or 22% of the group's total revenue. It's now the fastest-growing part of the diversified group, says Konishi, and includes two dozen other outlets, each specializing in ramen, udon, rice bowls or Japanese coffee. It is expanding regionally, with four restaurants now operating in Vietnam, a Sushi King to open in Jakarta this year, and three Sushi Kings planned for Brunei.

Not long ago, Japanese restaurants in Malaysia were a niche market, tucked in five-star hotels and patronized by Japanese expats and rich locals. Over the years, the country's Malays--who are Muslim and make up 60% of the population of 30 million--have become more cosmopolitan as consumers while at the same time more religiously observant. The powerful Malaysian Islamic Development Department, known by its Malay acronym, Jakim, governs many aspects of Muslim religious life and is known to have stricter criteria for halal certification than either its Singaporean or Indonesian counterparts.

While some Muslim diners are still willing to eat at pork-free restaurants that are not halal-certified, more and more now look for the framed Jakim seal of approval at restaurants. "The Malay market is a big market and a force to be reckoned with," says Faisal Fadzil, founder of Tanamera Tropical Spa Products, who has spoken at halal-industry events. Being halal goes beyond eschewing pork, alcohol and other haram (forbidden) ingredients, and includes standards on cleanliness, he says.

Malaysians have also embraced Japanese cultural imports, starting with the Japanese TV serial Oshin--about a peasant girl who rises above life's challenges--in the 1980s. Around the same time, former prime minister Mahathir Mohamad launched his "Look East" policy, and some local schools began offering Japanese language classes, along with Arabic and French. "We are an aspirational class. We want to have better things," says Dina Zaman, founder of Iman, a Malaysian think tank that studies society and religion.

Goodwill Mission

Konishi landed in Malaysia off a boat in 1968 as part of a group of young Japanese on an Asian goodwill mission commemorating 100 years of Japan's Meiji Revolution. The trip changed his life in two ways--he met his wife-to-be Atsuko on the mission, and he resolved to return to Malaysia.

He already had a pharmacy degree but enrolled as an exchange student at University of Malaya, then got a sales job in Singapore with an importer of Japanese dyes and soaps for textile production. In 1973, he moved to Penang, rented a desk at a friend's shoe-trading company and began trading in textile chemicals himself. "I received calls, I typed invoices, I made deliveries, I collected money," he says.

At the time, a Japanese salesman driving around the countryside solo was unusual. Chinese Malaysians, especially, still remembered atrocities committed by Japanese soldiers during World War II. On sales calls, Konishi found himself apologizing for his countrymen. "Sorry, sorry," he would say, bowing his head.



Sushi in Malaysia was an instant hit: "I was shocked," says Konishi.

But while halal certification can be an effective marketing tool, losing it—or even the threat of losing it—can be terrible for business. In 2014, Cadbury's pulled certain chocolate products off the shelves after the Health Ministry said it had found pig DNA in them; Jakim later defended the chocolate as halal, with officials offering to eat the candy in public to prove it.

Indeed, the fear of accidentally eating something forbidden is so great that when local casual-dining chain Secret Recipe lost its halal certification in 2015, the company quickly clarified that it was due to "cleanliness issues" from renovations at its central kitchen, and not because of the presence of haram ingredients. It later regained its certification after renovations were completed.

Since then, Konishi has started more than 70 businesses, including shoe stores and the Malaysia unit of Fumakilla mosquito coils. He started a packaging company for high-tech industries and a plastics outfit. He also went into seafood production, including cultivating soft-shell crabs in the mangroves of Myanmar, which today helps keep prices at Sushi King competitive.

Not all his ventures succeeded. He opened and closed a printed-circuit-board manufacturer in Penang, which couldn't compete with rivals in Singapore. A venture manufacturing surimi, or crab sticks, was hugely successful for many years until it was done in by a European Union ban on marine products from Malaysia. Just last month, Texchem shut its two money-losing Tim Ho Wan dim sum restaurants in Kuala Lumpur. Over the years, Konishi has closed and or sold for a profit multiple businesses, leaving 41 under the Texchem umbrella today. Japanese businessmen tend to play it safe, but Konishi is a risk-taker, says Akihiko Hijioka, chief operating officer of Texchem's restaurant division. "He is not afraid of failure. From failure, [you] can learn."

Sushi for the Masses

In 1995, the Malaysian chief of the now-defunct Japanese department store Yaohan asked Konishi to open a fast-food sushi outlet in the Kuala Lumpur store. At the time, most Malaysians had never tasted sushi. He remembers asking, "Why me?" and being told, "Because you never say no."

Konishi promised his board at Texchem that he would close within nine months if things didn't work out. The first Sushi King outlet was just 1,100 square feet and introduced the conveyor belt to Malaysia--patrons could pick dishes for a few ringgit each as they glided past. It was an instant hit. On the first day, he says, there was a queue of people 50 meters long. "I was shocked. Everybody was shocked."

Initially, Sushi King's customers were almost exclusively non-Muslims, such as ethnic Chinese. Malays just weren't used to eating raw fish. And while the restaurants didn't serve pork, they did use mirin--sweet sake--in dishes such as unagi, or eel. Indeed, staples such as soy sauce, vinegar and miso, because they were fermented, all included low levels of alcohol.

Starting around 2000, Konishi became convinced that Sushi King would need to win over the Muslim market to grow. Malaysia's non-Muslim population was shrinking, thanks to emigration and a low birth rate. Muslims tended to have more children. Sushi King's executive chef balked at the idea of halal sushi, fearing a dilution in taste. But Konishi prevailed.

The mirin disappeared, and over the years Texchem's in-house scientists experimented with reducing the alcohol content of other ingredients and worked hard to persuade suppliers from around the world to do the same. Sushi King screened 150 ingredients, making sure each adhered to halal standards at every step of the way. It helped that as the chain expanded over the years, so did its leverage as a bulk purchaser. At the same time, global food producers were discovering the halal market, in Malaysia and beyond.

Last year, Jakim granted Sushi King halal certification. The move has already paid off. Before, 22% of customers were Muslim, says Hijioka. After certification, Muslim patrons grew to just under 40%. Meanwhile, the number of non-Muslim customers has stayed steady. After a long career of startups and detours, reinventing sushi may turn out to be Konishi's best move.