

THE BUSINESS TIMES

# ULTRA Wealth

APRIL 2017

ROUNDTABLE

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planning a success

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the ultra rich

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VIEWPOINT

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without fear

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A portrait of G S Sareen, a man with a beard and mustache, wearing a blue suit jacket and a pink shirt. He is looking slightly to the right of the camera with a slight smile. The background is a blurred green foliage.

G S SAREEN

“I got into it, stayed  
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# CORE DRIVING FORCE

Omni United's founder GS Sareen believes business success lies in persistence – and a set of non-negotiable values

BY GENEVIEVE CUA

**A**SK consummate entrepreneur GS Sareen about the tyre business, and he is as likely to dig deeply into philosophical insights as he is to expound on Omni United's visionary distribution plan.

The founder of Singapore-based Omni, tyre manufacturer and distributor whose products are dubbed the "Ikea" of tyres, wears his responsibilities as a company chief, husband and father lightly. You'd think business was a breeze, and life a balance of work, relaxation and philanthropy – and why not?

"There are three stacks in life – you work hard, make money – but money is not the end of it. With the money you are supposed to enjoy life or invest in your children or in humanity. Those three stacks have to be equal. The purpose of working hard is to have a fruitful and productive life. Why am I telling you this?"

"Because it does not matter that I'm in the tyre business or any business. I was not born dreaming that there will be a piece of rubber that will be converted into a tyre. It was by chance that I stepped into the civilian world and among the things I did, this industry somehow stuck. It's not that I had a natural born talent to be a tyre man; it just stuck."

By his reckoning, it didn't take any special genius to cotton on to the opportunity in the potentially vast, price-sensitive segment of tyres for the passenger car market. All it took was persistence.

"One thing I realise is that if you want to make anything a success you have to stick with it. You can vacillate too much, try this or that and give it up – that's wrong. Failure is when you quit. If you don't give up, you keep trying, right? If you don't quit, there is no failure; you're building and

growing, so what's the problem?"

"The tyre market has a lot of potential; it's big and a unique product. I got into it, stayed with it and things have worked out."

Born in India, Mr Sareen, 50, holds a degree in statistics and became a decorated military officer, fulfilling a childhood dream. He resigned the service in 1992 when he was about 26.

His youth was touched by tragedy, however. His mother was paralysed in an accident in Africa when he was four. His older brother died at age 27 in a car accident. He and his wife Rewa moved to Singapore in 1994. He founded two e-commerce businesses, one of which was Mindtrac.com, a B2B exchange for the tyre industry, before he set up Omni in 2003. He has since won a number of entrepreneurship awards and in 2012 was among *Fortune* magazine's "Asia's Hottest People in Business".

## Performance

Today Omni boasts a stable of four tyre brands – Radar, Goodride, Roadlux and Corsa. Revenue is expected to reach US\$350 million to US\$400 million by 2018, exponential growth from its initial turnover of US\$7 million in 2003. Between 2015 and 2016, the firm acquired two distribution businesses in the US – Texas-based A to Z Tire & Battery and Interstate Tire Distributor in California – marking yet another phase in its expansion.

"The market segment we're in is typically not known by a brand name; it's driven by price. America has a population of 320 million; there are 265 million registered passenger cars. The driving population is huge. Every vehicle has four tyres; the average age of American cars is 11 years.

"People are not changing cars frequently. The quality of cars is better and roads too. These are great indicators for our business. We're in the

replacement market..."

"If you look at the tyre industry, chances are Singaporeans don't know what tyres they have. It's not a cheap item; it costs S\$1,000 or more when you change tyres and you have no idea of the brand."

The US is Omni's largest market, comprising 65 per cent of sales. The emerging markets including the Middle East and Africa have a 15 per cent share.

He is keenly aware of the challenges if protectionist barriers arise in the US and Europe. Still, he is optimistic. "The world is a sensitive place if large countries start to look inwards and put barriers to business. But our expansion in America is not dependent on the political situation. It basically depends on the power of the American economy which is driven by people. The US (president) is there for four or eight years. You can't make business decisions based on the short-term and socio-political environment.

"On the contrary, in times like these you can expand and grow at a cheaper rate. Smaller companies get squeezed; you can buy them at a good price and build those businesses.

"We're looking at acquiring companies in Europe, Asia, wherever we can grow. My horizon is not two or four years. I'm looking at growing this business for a very long period of time. With that horizon, you plan and don't get upset by speed bumps."

He is convinced that technology and robotics will alter the supply chain in major ways. Already third-party distribution, which adds a layer of cost, is squeezed. Hence, his strategy to acquire distributors. "There is no global tyre distribution company; there are large regional distributors but no one who is global. And I don't see why not.

"We have to look at the next level of distribution which will be in tune with the times,

technology driven, with a new retail concept. We're looking at consumer behaviour 10 to 15 years from now."

The challenge is that going to a workshop to have your car tyres changed is typically not something to look forward to. "It's a grudge purchase – o, do I have to do this today? We're looking at – what does the consumer want? Can we get something to you, instead of you coming to us? Can we take care of things so you don't have to do it? Hopefully in the next few months we'll announce some initiatives. One has to try everything. You only fail if you stop working."

Mr Sareen believes there are two qualities a good leader must have. One is to have an opinion. The second is to realise what things are not negotiable. "You don't mess about with certain things, whatever your core convictions. There are some things you should be willing to die for. This is the driving force of our business. When we collectively decide what we should do, we don't waver."

One of the non-negotiable aspects is the group's commitment to philanthropy and corporate social responsibility, initiatives which gained notice. One

is Omni's partnership with the Breast Cancer Research Foundation. For every Radar tyre sold, Omni donates 25 US cents to the Foundation. To date, the campaign, started in 2011, has contributed over US\$1 million, and funded over 21,000 hours of research towards preventing and curing breast cancer.

There is also the partnership between Omni and Timberland to launch the Timberland Tyres. The latter represents an innovative rubber compound that makes it easier to recycle. Consumers

are incentivised to bring their worn Omni tyres back to retailers. The tyres are recycled into crumb rubber and used in shoe outsoles by Timberland. Timberland Tyres has won the WGSN Futures award in the category of sustainable design and is nominated for other awards as well.

And then there is the effort to be carbon neutral: Radar tyres are the world's first carbon neutral – or zero carbon – tyres. Between 2011 and 2012, the firm engaged Ernst & Young to assess the carbon footprint of Radar tyres. In response, the firm has engaged in offset activities that remove or reduce carbon dioxide, including the funding of reforestation programmes. The aim is eventually to become carbon negative.

Mr Sareen says the commitment to give back to the community has its roots in his father's admonition to give away 10 per cent of the children's allowances. "When I was young my father would give me 10 rupees (20 Singapore cents). My brother got 10 and my sister got 20 rupees. He told me – one rupee out of that you have to give to someone. This is the culture I grew up in.

"So from the beginning when we started to make money that's what we tried to do – give 10 per cent to charitable causes. I'm always told – when we start making this much money, that 10 per cent is a lot. But c'mon, with a high tide, all ships go up. If you are making more, you give more. What's the problem?"

**'If you want to make anything a success you have to stick with it... Failure is when you quit.'**



PHOTO: JULIANA TAN

## From a father to his sons

**I**N the areas of life that arguably truly matter, such as marriage and giving, Omni United founder G S Sareen's guiding light has been his late father, Dr Surender Singh Sareen who died in 2005.

"My father was absolutely a role model. In 1971 when we met a road accident in Africa, he was then working for the World Bank. My mother lost her memory, her speech, she was completely paralysed." Mr Sareen himself was around four. His father was 38 then, and his mother 35. He is the youngest of three children.

"People suggested to him – you have three young children. How will they grow? You must marry again. He refused. He said – I gave my commitment to this lady, I stick with her.

"Till he died in 2005, he was taking care of her. Doing this for one week is ok; doing it for 30 years is something else. She would fall sick, fall out of bed and he would carry her. When he became weak he couldn't pick her up. When you see these things it has an impact on you. It tells you not just the value of life, but also how fragile life is. How in one second things can get shattered.

"So if you believe in winning at all costs, it's foolish. In one second you could be paralysed and you regret the nonsense you've done. It's important that you keep evaluating every time – Is there something I regret, something wrong? Correct it before it's too late."

With his father's devotion to his mother, it is perhaps not surprising that Mr Sareen himself is devoted to his wife Rewa. Still, his profession of love is refreshing. "My wife and I have been in love for the last 27 years. I'm extremely fortunate to be in love with a wonderful girl. We always talk about this, that if we had a second choice, would we marry each other again? I would!"

He is thankful that his children appear to have imbibed a taste for philanthropy. His older son Hanut, who will graduate from a Boston university in May, is helping to raise funds for Pencils of Promise, an organisation that builds schools and supports education in Laos, Ghana, Guatemala and Nicaragua.

"In the last two to three years my son has not celebrated his birthday – he tells people to donate to Pencils of Promise instead. It costs US\$25,000 to build one school, and he has not yet collected that amount.

"I have given him US\$500. I can give him US\$25,000 but that's not the way. My father died when my sons were very young. But there is something called genetics and DNA. This is proof of it – on his own he talks about building schools in Africa. It's pretty cool."

### Paying back

His younger son Sumer is 18 and expects to enlist for National Service (NS) soon. It is an event to look forward to, says Mr Sareen, who became a citizen in 2009.

"When the time came for NS, I called my sons for a family discussion. My thing was simple – it's not about the law or anything. It's about simple gratitude. I said listen – we have made all this financial wealth in Singapore. I came here with practically nothing. Now we're in a comfortable situation.

"I told them – do me a favour. I want you to pay those two years back, for me. They said – absolutely. There was not one moment that my older son cribbed about this or that problem. He had such a good time. Even now when he comes home from the US, he contacts his NS friends and they come here and hang out." Sumer, he says, is excited about

enlisting and has embarked on a fitness regime.

Meanwhile, employment in Omni is not a given for his sons. He says he has daily conversations with Hanut. "I told him – this is your company. At the end of the day, you are a shareholder. I don't believe in the system in America where they don't give anything to their children. I have worked this company, and they take over if they are capable. If not I have provided for them – they still get money as shareholders. Why not take care of my sons? It's my duty as a father.

"But will they become CEO? That depends entirely on their capabilities. Today if my son applies for a job, he goes through HR (human resources). They have clear indicators and instructions. He gets a job in synch with his qualifications."

He says he is often told that he must have taken big risks in setting up Omni, a statement he bristles at. "Businessmen don't take risks, gamblers take risks. Business people mitigate risk. A business owner analyses risk, sees the risky part and asks – how do I manage it so I don't get burnt? Someone who closes his eyes and runs into it, if he gets shot he's dead – that's not a smart soldier. Let's not confuse bravery and stupidity."

He is often told that he makes business look easy. "It is easy. We get caught in our own web. In modern business we do not invest enough in the soft side of things."

He recalls being agitated about a business situation. He consulted his spiritual guru, saying: "They have not done things right, I must sort them out. My guru said – there are two things you can do – use your energy to sort them out. What will you get from that? Only satisfaction. Or, you can forget that satisfaction and start something new. Get another 500 employees or 1,000 to benefit you. Two ways, same energy, you decide." **W**

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