40 YEARS AGO... AND NOW

Going against tradition

Winning over employee trust and reacting quickly to market demands helped Apollo Tyres move ahead during the uncertain economic environment of the seventies

The Apollo Tyres journey has been a long one from when it began as a small company way back in 1972. Today, the company has grown manifold, establishing its footprint across the globe. It has a manufacturing presence in Asia, Europe and Africa, with 11 modern tyres facilities and exports to over 100 countries, and has clocked a turnover of $2.24 billion, backed by a global workforce of approximately 16,000 employees. I can confidently say that Apollo is a multi-cultural company across geographies.

Apollo Tyres was conceived in 1976. India had a licence system at the time and Ranaag Singh, my father, was given a paper licence by the government of Kerala to manufacture tyres. Even when Apollo Tyres was taken over by the government, my father questioned the decision till he was reinstated in the company. I suppose I inherited the same derring-do spirit when I took over the reins of the far-from-profitable tyre company from my father in 1979. At that time, not many had faith in his business prowess or in the future of the company. I still remember the laughter of my employees when presented with the ambitious plan to turn around the company. It was a combination of conviction as well as the strength to take on any adversity, which helped me make Apollo Tyres the industry leader it is today.

When faced with hesitation and questions by employees and seniors, I had asked myself, "Do I quit, even before I have begun the job?" According to me, this question has defined everything I know about friendship, values and business. But it hasn’t been smooth sailing at Apollo Tyres. There was near-bankruptcy during the first few years and even phases of economic fragility during downturns and unusual price volatilities.

My father had entered the tyre business in 1977 by starting a small tyre plant in Kerala — which he managed from New Delhi where we had other business interests. In 1976, the company came to a literal standstill due to management problems. Tyres were being returned. In barely two years, on a capital base of Rs. 4 crore, the losses were Rs. 30 crore. There wasn’t even enough to pay employee salaries. I decided to step in at this stage. While many saw it as foolhardiness, I consider it courage of my conviction.

Being a novice in the business with practically no idea of the tyre trade turned out to be an advantage. I didn’t have preconceived ideas but had the confidence. According to me, there was no question of failing.

My plan was based on transparency, honest communication and looking at the bigger picture. The first move was to be honest with employees and inform them that there were two options. Either to shut the factory and move on or attempt to create a Rs. 1 billion company. Our employees openly laughed on hearing my ambitious plan. I believed that the people had the tyre-making knowledge that I did not, and if all of us worked together we could create something. No one was really convinced, and there were more naysayers and fence-sitters than fellow travellers. However, I did not want to carry deadwood along and announced that I would work with people who believed in my dream. Many employees left but also many stayed back. I began work with a team, which was willing to stretch itself. Many of these old hands are today my closest friends and trusted advisors. Several are still a part of Apollo Tyres.

A young technologist who believed in my vision became the chief of research and technology a decade later. Next, I met with banks and financial institutions to restart operations. This was followed by deciding on the product profile for the company. The decision was taken to stop producing the vast variety of tyres and focus on big-ticket items — truck and agriculture tires.

Eventually, seven years into taking over the company’s helm, in October 1986, Apollo Tyres achieved the Rs.100-crore mark. The unspoken fear of failure may have played a part in driving the team to achieve what they did, but the bigger driver was the shared vision and commitment to achieve it together. By the mid-1980s, Apollo had established itself in truck tyres. Turnover was buoyant and profits were better than the industry average. The company now wanted to be India’s No. 1 truck tyre manufacturer, pushing out long-established names who did not offer the same customer proposition that Apollo Tyres did. Today, the company is focused on de-risking business and finding new markets since developed markets come with better technology and higher margins.

It hasn’t been an easy ride — whether in establishing the company as the behemoth it is today or in gaining the confidence of the employees in the early days. But my belief that if something is worth doing it is worth doing to the best of one’s ability, and if the cause is right then no matter who opposes it one has to fight for that cause has held me in good stead.

Today, Apollo Tyres is the first made-in-India automotive brand to be sold in Europe independently. It is selling one million units of passenger vehicle tyres with the Apollo brand name in Europe. And Europe is now Apollo’s second largest market by revenue. This is yet another outcome of our dogged persistence to build a global business, be it through acquisitions, setting up new plants abroad or through exports from India.

I would say that thinking and acting quickly to market forces is a trait that stands out at Apollo Tyres, which is unconventional in an industry not known for it.

ONKAR SINGH KANWAR
CHAIRMAN, APOLLO TYRES

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