



# SRSA —

**NEW BUSINESS MODEL TO  
KEEP COMPANY AGILE AND  
FLEXIBLE INTRODUCED**

ONE-ON-ONE WITH LUBIN OZOUX

**As we usher in the new year, there have been several key appointments in the South African tyre manufacturing sector, among them, that of Lubin Ozoux, who takes over from Riaz Haffejee, as CEO of Sumitomo Rubber SA. Originally from the island of Reunion, Ozoux has amassed a wealth of business experience over the years, via a succession of assignments in the UK, the Middle East, and finally, South Africa. In an exclusive interview with SA TREADS, Ozoux tells us more about his personal journey and his future plans for the company.**

**Congratulations on your new appointment Lubin. Tell us what brought you to South Africa and how you came to be associated with Sumitomo Rubber.**

My family and I moved to South Africa from Reunion in 1994. The move was prompted by my parents whose wish for us was to witness that important moment in history and to be a part of the South African transformation process. Here, I completed High School and University.

After graduating, I accepted a post in the UK as a management consultant, followed by a stint in the Middle East for a number of years.

As a South African, my wife has a natural affinity with the country, and so together with our two children, we returned to South Africa seven years ago – our favourite country in the world. We wanted our children to grow up here.

**How did you become involved with the tyre sector? We believe this was your first introduction to the tyre industry.**

True. My previous realm of experience lay within the construction and mining business. Four years ago, an opportunity arose for me to

join SRSA managing the company's export business to the African continent. SRSA is responsible for servicing the majority of African countries, with the exception of a few, such as the 'Maghreb' countries and Egypt.

My role was to develop the business on the African continent at large, which eventually led to my taking over domestic markets closer to home, such as Namibia, Botswana and other neighbouring countries.

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The Zone - Boksburg customer waiting area.

In 2019, my portfolio was further extended to assume responsibility for Marketing, Sales and Operations for SRSA.

**When did your appointment to CEO become official?**

Officially on 1 January 2021, although SRSA's former CEO, Riaz Haffejee, stayed on until 31 January to initiate the handover.

**What were your initial thoughts on the South African tyre manufacturing sector and the tyre business in general?**

Having worked in several countries around the world, I would say that the fundamentals, as well as the challenges, are pretty much the same. Of course, nobody had bargained on a global pandemic and the unique complications this would bring to the business world. All industries have been affected. Not one has been spared.

But we are fortunate in that our industry has been less impacted than some others like tourism and entertainment.

Statistics for 2017-2019 clearly show that we were already operating in a challenging environment, amid a shrinking market. 2020 impacted us further, compelling us to rethink our operating model. We realised that we needed to come up with a more flexible business model so that as market changes happen, we would be able to secure the company and long-term outlook for our employees.

At this point, we are focusing heavily

on reacting positively to market demand changes so that we can bring the operation back to a seven-day week cycle, from our current 5.5-day cycle.

**What about your stores? How are they weathering the storm brought about by Covid-19?**

Most are reporting a level of recovery in the market. Some are doing really well, managing their stock levels and cash flow during the pandemic, while others are struggling, seemingly unable to adapt their business models accordingly, especially in the more impacted areas.

**Are you providing them with assistance?**

We have strived to take them through this difficult journey via our Campaign, 'How Can We Help You' which provides stores with support in the way of managing cash flow, cost structures and the like. In short, we are doing everything we can to help them navigate this challenging period.

**Is your Campaign hitting the right notes? How is your distribution network responding?**

Feedback from our distribution network show that the campaign has had a positive influence. Our primary goal was to ensure a better understanding of the current climate and to provide our customers with the right tools to succeed during an unprecedented period.

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Our campaign 'How Can We Help You', is providing our stores with support.

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Quite a few stores are beginning to thrive, with very few in the negative.

In addition, our campaign strategies ensure that we not only support our distribution network but hard-hitting local industries like the tourism sector.

**What is the narrative from your stores with regard to consumer purchasing habits? How have they changed, if at all?**

It would appear they are trading amid a fluid environment that is fast changing. Our initial conclusion was that income heavily challenged consumers would be looking for more economical products, however, this does not seem to be the case.

**How would you explain this?**

The drive to educate the consumer around safety and the risks associated with fitting inferior tyres to their vehicles, which began some years ago, is paying off. There is increasing awareness around tyre replacement, and for consumers who can afford it, greater emphasis on overall value by way of road hazard guarantees and mileage guarantees. Consumers are doing their homework and are basing their purchasing decisions on this, which is driving the manufacturers to back up their products so that the customer derives true value.

In short, it is less about the initial purchasing price, but rather the perceived value of the product, coupled with tyre life, road safety and so on.

**That is encouraging to hear, especially as up until now, sales have mostly been driven by price.**

It is up to us to make our sales people aware of the importance of selling on value, rather than price. His job is to provide the best solution. A lot of work is currently being done in this regard to equip our sales people with the right knowledge and tools, so that they can act as informed advisers to the customer.

SRSA has also embarked on a dedicated drive to support local, with one example being our Grandtrek/Google Streetview initiative which navigated previously uncharted territories in this beautiful country of ours. Hopefully, now people will feel safer to travel to some of these unspoilt regions in South Africa, something which

our stores are actively promoting.

**How has the pandemic impacted local manufacture?**

Sales figures would seem to indicate an even split between locally made tyres and imports. For the local manufacturers, the stop-start effect of the lockdown, has resulted in an increase cost of production.

However, the results from Quarter 1 and Quarter 2 in 2021 will be telling.

**Which brands are you currently manufacturing at your Ladysmith plant?**

SRSA is made up of three distinct brands – Dunlop, Falken and Sumitomo. All three are manufactured at our Ladysmith plant. Of course, we cannot produce the whole range locally. Scales of production simply do not allow it, which means that the balance of sizes not locally produced, are being imported.

For the truck tyre side of the business, our Dunlop and Sumitomo brands, which service the whole of Africa, are gaining good momentum which shows that the investment made into the plant is paying off. Tyre testing of these brands which are specifically developed for African conditions, reveals that this strategy is a big part of our success.

**Criticism has been levelled at Dunlop**

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The drive to educate the consumer around tyre safety is paying off.  
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Sumitomo Rubber South Africa team.

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**for under-cutting market prices. How would you respond to this?**

There has been a massive switch over the last 18 months in terms of strategy and price positioning. We are focused on a fair price, fair value, quality and a package of services that surround tyre purchase.

To give our customers the confidence to take the road with us, SRSA launched DunlopSure at the end of 2020. DunlopSure is a value-added extra package of services intended to give dealers further benefits in selling our products and consumers peace of mind when purchasing our products.

Dunlop Sure is made up of three pillars that will promote sustainability. The first being a manufacturer's warranty against defects in material and/or workmanship for a duration of 8 years from the manufacture date.

We also have a mileage warranty for our Grandtrek AT3G (60 000km), Grandtrek AT25 (70 000km) and Grandtrek AT5 (100 000km), which gives our customers the assurance in the quality and safety of our products. Noteworthy is that we are the only tyre manufacturer in SA to give a warranty on our locally manufactured SUV products.

Finally, we have a free tyre insurance for 12 months on all road hazards claims on PCR 16-inch and above all SUV and all LTR (except 195/14C). Furthermore, SRSA has placed a huge focus in streamlining the

claims process and customer experience.

We have come to understand that transparency and stability on value and pricing is key for our network and anyone who buys product from us. Ups and downs are not helpful in achieving our long-term goals, and as such, our pricing structure is now very disciplined.

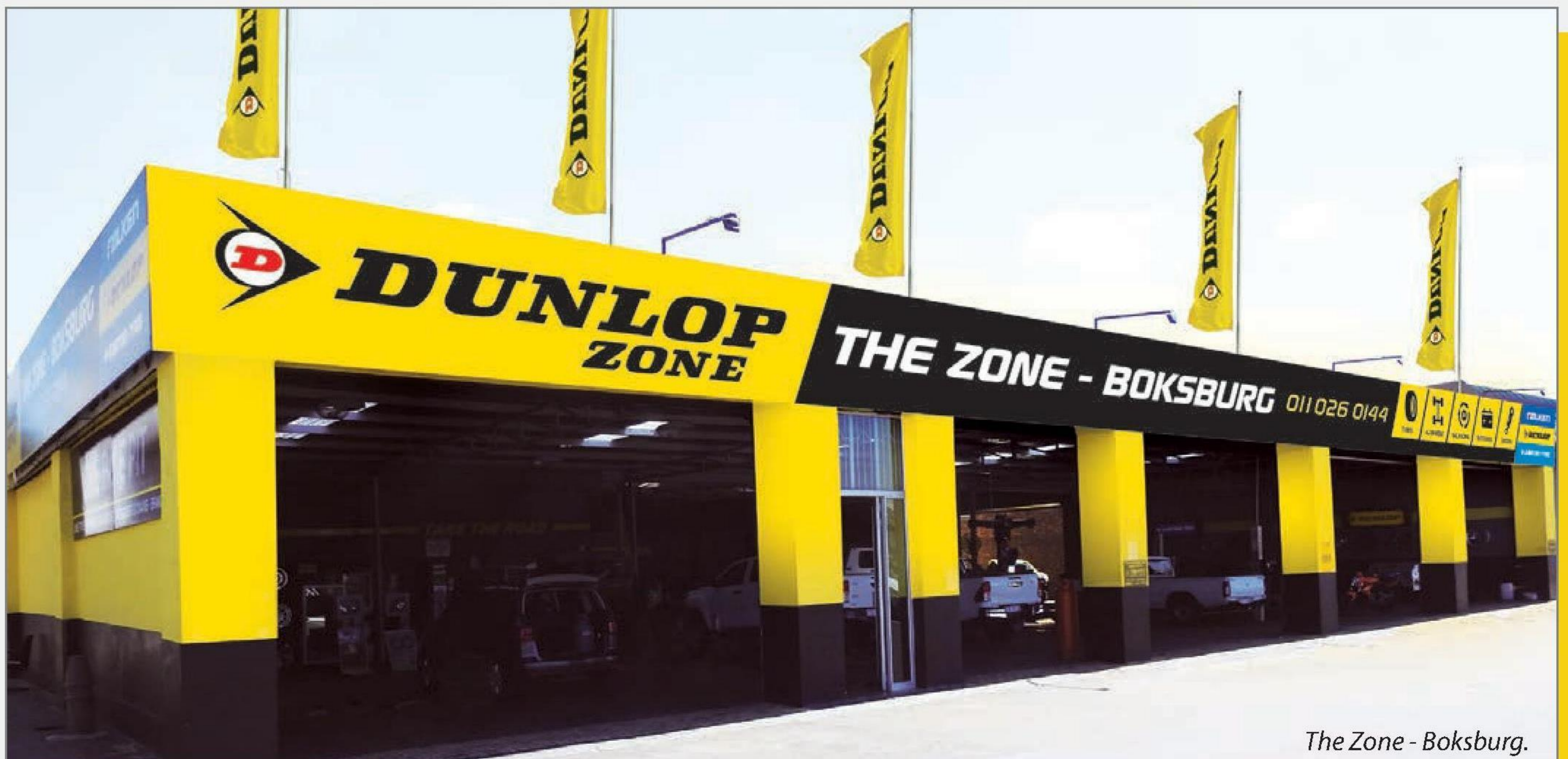
**Are the manufacturers still lobbying for the introduction of suitable standards to govern the importation of tyres?**

Although I have yet to attend a SATMC meeting in my capacity as CEO, I can confidently say that our relationship with government together with our education drive, is reaping pleasing results. Proactive steps are being taken, with both industry and government accepting the need for strict implementation of standards, managing foreign products and making sure the correct tariffs are being applied.

SRSA conducted a Used Tyre Survey in 2019, which revealed that more than 60% of the tyres inspected were below the legal limit. Worse still, many of these are currently being recycled and resold into the market as second hand tyres.

**On that note, are the necessary measures being taken by your stores? Are they mutilating their waste tyres so that they do not find their way back to market?**

I would like to say, yes. Unfortunately, we



*The Zone - Boksburg.*

do not have full transparency at that level. At our Dealer Conference last year, the issue was discussed at length with our store managers, as we pointed out that it was in their best interests to do this as they are facing stiff competition from the sale of second-hand tyres in the market. The message seems to have resonated with them, but of course, this is an ongoing drive.

The haphazard collection of scrap tyres from the stores does not help the situation. Getting this right requires the right leadership, the right processes and the right disciplines that make people accountable for their waste. No clear solutions are yet in sight, although we have been approached by various parties with interesting business plans to turn waste in viable alternatives, based on insight gained from other parts of the world.

**Tell us about your Container Depot project. How is this progressing?**

There are some really good stories to tell. One of our Container Depots in particular, has now become a small city of sorts, featuring multiple containers. Regrettably, others are not doing as well, but what we have learnt from this is the need to appoint the right people for the programme together with the right funding and incubation programme so as to bring them up and develop them as a small entrepreneur. We also need to provide them with the correct skills and equipment to be successful.

Our Container Depot initiative has now developed into a Business-in-a-Box concept that is set up complete with hardware, software and stock. It also now comes with more stringent evaluation criteria to enter the Programme.

What is more, we are seeing good support from the community and are working closely with municipalities to link them with the Container Depots.

This is an exciting journey for SRSA, one we are extremely proud of and committed to.

**What is the short-term strategy for the company?**

With safety as part of our DNA, this remains a priority in the short-term, particularly as Covid-19 will still be with us for some time. We have learnt important lessons from last year and are taking no risks. As I like to say, 'we have paid the fees to learn how to operate under the pandemic,' without taking short cuts on safety.

We are keeping it simple. It is about a



'Customer First' philosophy. This includes direct customers and end consumers, focusing on bringing value to them at a fair price. The rest will take care of itself.

Next, the message is to resist looking too far ahead. These are unprecedented times and we need to remain agile and flexible in our approach, focusing only on key areas and achieving in those categories.

Later in the year, we will begin addressing our mid-term plans and goals for the next three to five years.

To sum up: maintain focus on where we are headed; work on what we can control; adapt swiftly at anything that is thrown our way.

I can safely say that our organisation is well aligned to realise these simple goals.

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Our Business-in-a-Box concept is set up complete with hardware, software and stock.

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**Lubin Ozoux is a family man. He is married with two children, aged 12 and 8 and believes in keeping his life simple in all respects. When he is not in the office, or voluntarily helping out small entrepreneurs to achieve success in their businesses, he likes to keep fit through mountain biking or trail running.**