



A family business takes the road less travelled

Unlike the slow-to-change stereotype, tyre firm Binter embraces technology despite resistance and is ahead of the curve. **BY JANICE HENG**

FAMILY businesses have a reputation – deserved or not – for being slow to change. And Singapore’s entire tyre industry is, in a sense, a “family business”.

Due to a quirk of history, the small local trade is dominated by members of the Henghua dialect group from Putian, China.

Many early Henghua immigrants to Singapore began as rickshaw pullers or trishaw riders. As transportation evolved, the community branched out into related trades, from bicycle repair shops to mechanic workshops, automobile spare parts and

Singapore’s tyre industry is slow to change, but that did not stop Binter & Co general manager Marcus Lim, part of the third generation to head the family business.

PHOTO: ALICIA CHAN

tyre companies. Like a family business, the tyre industry here is close-knit, rooted in its heritage – and perhaps somewhat reluctant to change.

“Our industry is very old-school,” says Marcus Lim, general manager of tyre distributor and retailer Binter & Co.

This is true of both their competitors and their customers, he adds, with many still preferring to conduct business through telephone calls and faxed orders.

Binter is itself a family business, with Mr Lim, 39, being part of the third generation to head the firm. But unlike the slow-to-change stereotype, Binter is no stranger to transformation. From modernising its internal operations to selling tyres and connecting with customers online, the tyre firm is ahead of the curve.

A NEW GENERATION

Binter was set up as a sole proprietorship by Mr Lim’s grandfather after the Second World War, and incorporated in 1978.

The most recent chapter of its story has been written over the last decade, since Mr Lim joined the firm in 2008.

“When we first came in, obviously everything was totally manual,” he recalls. To place orders, retailers would call or send faxes. Some of the more progressive ones would send e-mails. At the time, Binter’s own operations were similarly traditional, with manual records being the norm.

But around 2013, Binter introduced a new integrated system for inventory and finance, and began to push its business-to-business operations online.

It was tough, recalls Mr Lim, because price transparency is not a natural feature of wholesale trading: “A lot of people in this industry are very scared of transparency.”

A lack of public price information could be precisely what gives a distributor an edge over its rivals. Going online represented a huge change to the traditional approach, as both Binter’s prices and its levels of stock would become public information.

“These two things were big obstacles to us trying to go in that direction,” says Mr Lim. Not all of Binter’s management were keen on the idea.

“But I told them if we don’t do that, we’ll forever be chasing the curve.”

His reinvention efforts received support from one particular demographic: his younger-generation peers, who have similarly risen to head the small-scale tyre retail shops and car workshops that Binter counts among its customers.

“Many of our customers also grew up with us,” he explains. “They have kids who also join the business.

These people obviously don’t want to be calling you every day.”

Not all of Binter’s customers have seen such rejuvenation. But for older customers who are more reluctant to place orders online, the web portal still serves as a handy catalogue on which they can view their options before calling up to place orders the old-fashioned way.

“We try to ease them in slowly. At least they view (the options). In the past, they call you and ask what tyres you have,” says Mr Lim.

For years, Binter was the only local tyre distributor with website-based ordering. In 2017, one competitor finally got online “after four years of thinking about it,” says Mr Lim.

But he does not fear such competition. In fact, he hopes more industry players will get online as well, so that “the comfort level of customers will rise too”.

In the meantime, Binter is not staying put, but constantly trying to improve its online ordering system. This includes customer benefits such as pricing packages, in which items are bundled together. Customers can also gain insights by reviewing their own purchasing trends.

In their Hong Kong business-to-business operations – which take place via a mobile app instead of a website – customers receive prompts to place new orders, based on patterns in their purchase history.

The Hong Kong business, run separately by Mr Lim’s cousins, has been around for over two decades. But the driving force for Binter’s transformation in the last few years, says Mr Lim, was the imperative to go further overseas. “We had to make these changes. If we didn’t make the change, we couldn’t make the leap.”

As the place of Binter’s origin, Singapore is a “heritage market” for the firm. But with increasing restrictions on car ownership numbers, it does not present many opportunities for growth, says Mr Lim.

When he joined, he determined that the future of the business lay in overseas expansion. Yet he found much of his time taken up with simply managing business data, leaving him with little breathing room to plan for going abroad. Furthermore, going abroad meant that purchasing would become more complex, with more stock-keeping units (SKUs) to keep track of – no easy task if done manually. From a few hundred SKUs previously, Binter has more than 3,000 today, across its international operations.

Binter’s lean headcount also underscored the need for greater efficiency. The firm has 27 employees in Singapore, including all its logistics staff – a headcount that has barely risen over the past decade.

“I wanted to redeploy my people in more useful roles,” says Mr Lim, adding that unlike big multinationals which can hire and fire at will, Binter has many loyal employees which it cannot simply replace.

These were the reasons that pushed Mr Lim to go for internal transformation. And in the years that followed, Binter could finally spread its wings overseas. For instance, it entered Myanmar in 2011 as the sole distributor for major international brands such as Dunlop and Goodyear.

In 2016, it started a joint venture in Vietnam for distributing premium brand tyres, which includes supplying car factories directly. But the firm’s most significant overseas moves have been those that depart from the traditional wholesaling approach. Besides taking Binter’s business-to-business operations online, Mr Lim also launched a business-to-customer website, Tyrepac. The portal now serves drivers in Singapore, Thailand, Indonesia and Hong Kong.

Working with local networks of tyre-fitting partners, Tyrepac allows drivers to buy tyres online, then visit a location of their choice to get their cars outfitted. Initially, the development of the site was outsourced. But since 2017, the running of the site has been taken over by an in-house technology team based in Hong Kong.

Mr Lim’s tip for his fellow younger-generation bosses: “Try to do as much as possible in the old-timers’ way, to see and understand where they come from”. And when making changes, do so in areas where the older generation do not necessarily have expertise.

Keeping things in-house allows for a faster reaction time, and a team that is part of the overall company can also better understand the issues faced, says Mr Lim.

Binter is also going into retail. In July 2017, it opened its first Otopac retail workshop in Jakarta. It now has five outlets in the Indonesian capital, with another three to open by the middle of 2018.

Indonesia’s emerging middle class and the corresponding demand for new cars makes it the perfect market to be in, says Mr Lim. “There are a lot of first-time car owners. These first-time car owners want a different kind of consumer experience: clean, professional, multi-brand.”

Binter is also planning to open an Otopac retail shop in Brunei in June 2018, having been in that market for several years as a distributor.

ROAD TO CHANGE

Today, Binter’s extensive and expanding overseas presence speaks for itself. But his transformation was not always smooth going. Customers were not the only ones who had to adapt to the new online systems. Binter’s staff, too, had to make the change.

“They’re all older than us,” says Mr Lim, referring to himself and his 34-year-old brother, Wayne, who is the company’s financial controller. The firm brought in software vendors to conduct training for staff. But the transition to the new digital inventory system took several long years, spanning 2010 to 2013.

Some older employees did leave instead of following Binter on its new journey, admits Mr Lim. Then there was the need to win the older generation’s approval.

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“My father is from the baby boomer generation. They focus on making the sale, not on the backend,” says Mr Lim. So he decided to tackle the issue of inventory management, a business aspect that was important yet not heavily focused on previously.

When the younger generation wants to transform a family business, it is crucial to build trust between generations, he says – respecting the past even while moving into the future.

“Because the previous generation obviously did something right. That’s why we can now try to take it on.”



A better way of taking stock

FINANCE manager Victor Leong, 47, has been with Binter for almost a decade. But his insight into its transformation goes back another half-a-dozen years – when he was previously one of Binter’s auditors.

Back then, the firm’s reliance on physical paperwork was par for the course in the industry, he says. Upon joining the firm, however, he realised the true limitations of the approach.

“Whatever was stock was all physical stock – the accounts were separate. We didn’t know exactly how much stock we had at any time.”

He recalls: “When we first did a stock-take here it was just a mess. We couldn’t find anything. If you spent one whole day, you could check maybe 10 items.”

In 2010, Binter purchased an off-the-shelf enterprise resource planning system, and began the long process of integrating all their records, from stock to finances.

“Now we know exactly where everything is,” says Mr Leong.

Though financial controller Wayne Lim joined the family business only in 2017, he knows how inefficient the old methods could be.

“Previously, you might want to reserve stock for people informally,” he says “Then the warehouse people might get confused – who is this item for, why is it here?”

With the integrated system, every item is accounted for: from the moment the stock arrives, all the way through to delivery. This has also made things easier for Binter’s delivery drivers, who

would previously receive their jobs over the phone. Now, drivers are assigned automatically by the system, receiving details of the delivery via e-mail or text message: down to the precise rack location of the items.

Efficiency has improved, with quicker deliveries and far fewer cases of the wrong items being picked.

Mistakes have dwindled in sales as well, with the integrated system also synced to Binter’s website.

“Previously if someone called in, you wrote down the order,” notes Mr Leong. “There would be some mistakes sometimes, just because you heard it wrongly or wrote it down wrongly.”

Now, with online orders flowing straight into the system, there is no chance of such errors occurring. Some customers do take time to get used to the digital approach, though.

Customer service executive Lily Tan, who is in her 40s, has been working in Binter for about seven years.

She handles customer service for Binter’s Tyrepac retail site: answering the live chat, taking calls, and even replying via Facebook.

Along the way, she has had to pick up website-related skills, from checking stock levels to uploading new items into the online inventory.

Sometimes she even finds herself playing the role of “tech support”: explaining to customers how to use the site, and guiding them through placing orders. “But it’s quite fun,” she says with a smile.

And there is a sense of achievement when she sees her guidance paying off in real-time, she adds: “You can see them making the order immediately.”

From Left: Binter’s financial controller Wayne Lim, general manager Marcus Lim and finance manager Victor Leong. With the integrated system, every item is accounted for: from the moment the stock arrives, all the way through to delivery.

PHOTO: BINTER