Man of vision

Rising above the family's travails, second-generation chief Surya Jhunjhnuwala is embarking on Hind Group's next phase of growth

By Genevieve Cua

INTREPID entrepreneur, the late Shyam Sundar Jhunjhnuwala, twice lost almost all he possessed and had to restart his businesses when his family fled Burma in the 1940s and 1960s, disasters that could have felled families with less resolve.

Today, the business seeds that he planted have expanded well beyond the horizons of his original ambition. The Hind Group comprises hospitality, real estate, restaurant and paints.

The family business' second-generation chief Surya Jhunjhnuwala, oversees the management and growth of over S$700 million in assets, including real estate, hotel chain Naumi Hospitality and the iconic Rang Mahal restaurants in Singapore. His partner is his brother Girish who manages the Ovolo Hotels in Hong Kong and Australia.

The saga of the enterprises that through the years morphed into the Hind Group is one underscored by dogged determination and resilience. Surya says the family's earlier travails were a pointed lesson in diversification.

"We were very concentrated in Burma. Since then we learned a strong lesson that we should not put everything in one business, no matter how good it is. Diversification could be geographical or by the nature of the business. So if there is a fire in any industry or country you still have shelter. It may mean slower growth, but we don't want any (concentrated) risk. We look at other opportunities and ventures."

Today, he is mulling what he says is the next phase of expansion, to push towards the S$1 billion threshold in assets, but not at any price. His focus is currently on the expansion of the hotel chain.

"I'm very clear. My vision is that the group should be run very professionally. Shareholders should be separate from the management. If the next generation wants to join the business, they should be qualified enough. I don't want the business to lose the focus on what I've created, how I want the company to be run. The soul should still be there. It's easy to corporatise and become more like a big business.

"That's my challenge – how do I grow from here and get bigger without losing my soul, the brand and vision I created?

"Once the founders or co-founders leave the operations, the business may become commoditised. I don't want to be a commodity business. The Hyatts and Intercontinentals are great hotels... But you can sleep in one hotel, get up in the morning and you wouldn't know if you're in Paris or Berlin. I don't want that. Every hotel I own should have a soul."

Earlier this year the group acquired Hotel Grande Auckland Airport in New Zealand. It also invested US$38 million to acquire the Rendezvous Hotel Sydney Central.

As chronicled in a biography of his father, Shyam Sundar, published last year, the Jhunjhnuwala family businesses started in Burma when Shyam Sundar's father Birajlal started a shop trading in textiles. He eventually did well enough to buy property in India, but the Japanese invasion of Burma in 1942 during World War II put paid to any growth. An exodus of the Indian population ensued and the family joined it, fleeing to India on foot.

Another setback

After the war, the family returned to Burma and plunged into the business of manufacturing and trading textiles. By the end of the 1940s, the JhunJhnuwalas controlled 85 per cent of Burma's textile trade. The family prospered – but that came to an end in the 1960s as socialist military dictator Ne Win rose to power. He nationalised businesses, seized property and discouraged foreign entrepreneurship, forcing yet another exodus of Indian, Chinese and Pakistani businessmen.

By that time, the family had cottoned on to the wisdom of diversification and was one step ahead. In the mid-50s, Shyam Sundar had begun to explore opportunities in Japan and opened an office in Hong Kong. Still, the family suffered. A brother was arrested and tortured. Offices, factories and homes were taken over.

Hong Kong became the family's new business base. The family still had a textiles business, but it started to trade in watches as well, eventually setting up manufacturing operations. Surya was put to work in the watch operations at 18. By that time he was already steeped in his father's enterprises, roped in during summer breaks from school.

"My earliest memories were that we didn't travel in summer holidays. My dad would ask me and my brother to come to the office. We must have been in our early teens. He'd say just get the atmosphere of what business is. Or we'd go to work in the factory, we would help assemble watches. Business was in my father's blood and it's in us as well, learning from an early age."

Surya worked in the watch business for two decades. "I was thrown in the deep end and told to do it."

While he wanted to pursue higher education, he had to bury that desire to help his father in the business. His highest level of education was grade 9. However, he does not believe the absence of a university degree was in any way a handicap.

"But I missed the fun. All my friends had so much fun... In a sense I was lucky. I learned to survive by swimming hard. I don't think I lost out on a university education. I can talk to any MBA holder clearly and share ideas. It's more important that one learns from experience, to make sure some things don't happen again. Definitely there are mistakes and pitfalls."

He took over the watch business when he was in his 30s. The business grew to the point that the Hind Corporation manufactured its own brands. But margins were drastically squeezed with the advent of mass production of quartz movements. "I was in the watch business for 20 years. Although I was successful I realised maybe it wasn't my calling, not really what I wanted to do. That's when I changed my business gearing towards hospitality and real estate."

The first plunge into hospitality was in 1977 when the family acquired a stake in Hind Hotels International, through which it owned the Oberoi Imperial Hotel. The hotel thrived through the years, but the Asian financial crisis in 1997 took its toll on businesses and hospitality was no exception. This prompted a rethink of the hotel holding, and it was eventually sold to DBS Land in 1999 and has since been redeveloped into a condominium.

Today, Surya is clear that for the group to embark on the next phase of growth, it must hire capable professionals. This means it must hire and promote based on merit, even if this means that family members take a back seat. He says: "There is always a person who can do the job better than me. I like to hire those people. I know I can't be the best. I'm more of a visionary, not a man on the ground. I know what I'm good at, and I hire people to do things I'm not good at.

"It's a challenge for us as a family business to get the right professionals to join. Professionals may think that in a family business they're at the low end of the pecking order. They want to join large conglomerates; that's where the gain is. But we offer different values. We're more close knit and make decisions fast. We don't have to wait for a hierarchy, we have a flat structure. You have to convince the candidates; it's not the right fit for everyone."

His son Gaurang is working in the business. "I haven't put him in charge of the hotels. He's 27; he isn't ready. Even if he is ready, if there is someone better that person should run it. Otherwise the company can't grow; it will come down to being an SME again."

He says the hotel business has endured a number of crises, and one of the "scariest" was the Sars (severe acute respiratory syndrome) in 2002. "Everything came to a standstill. No one came to the hotels or restaurants. Income was zero and expenses were continuous. We knew it wouldn't last forever, but those three to five months were scary."

To top that off, Sars occurred just after the group acquired its first hotel in Hong Kong. "We thought, my God, what did we get into? But with perseverance we went on and everything was fine."

He learned prudence from his father Shyam Sundar, who had dabbled in the stock market and was hit by the crash of 1987. "Everything had collapsed. Dad had huge leverage. In the morning, he said, come let's go to the bank. He took me there, called the account executive and told him – 'before you ring me, I give you my cheque to cover the shortfall'. It was a huge learning for me. I knew he was leveraged, but he had enough of a buffer so the family would not fold.

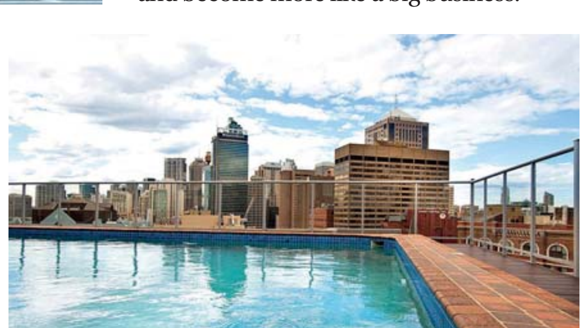
"In all our businesses we don't overstretch ourselves. We have pots of investments elsewhere that we can draw on for resources if we need to."

In the 2008 crisis, he said that the team met with vendors to ask for their support. "Everyone supported us... There will be crises, you have to be prepared. If you are stretched to your limit you can grow quickly. If nothing happens, God is kind. But things do happen and you should have some security blanket, otherwise you'd be in trouble."

Meanwhile, his father Shyam Sundar's character traits have made a deep impression on him and continue to sustain him. "The big thing was my father's integrity. To be an honest person and not lie. It's so embedded that it's not in my blood to say something wrong just to close a deal.

"The other thing is to honour your words. If you say something, keep your word. My dad had mentioned over drinks about some deal. In the morning my uncle said – forget it, what you said over drinks doesn't matter. But my dad said – it matters to me, maybe not to you. He honoured his commitment. It's a huge learning for me. I never went to university, but my learning is through Dad and his experiences." W

PHOTOS: HIND GROUP



HEART AND SOUL
Earlier this year the group acquired Hotel Grande Auckland Airport in New Zealand. It also invested US$38 million to acquire the Rendezvous Hotel Sydney Central (pictured)

'I'm very clear. My vision is that the group should be run very professionally... If the next generation wants to join the business, they should be qualified enough.'

PHOTO: YEN MENG JIIN

GROWTH PATH
Hind Group's assets include hotel chain Naumi (above) and the iconic Rang Mahal restaurant in Singapore (right)

PHOTOS: HIND GROUP

Legacy in the making

SURYA Jhunjhnuwala is a youthful 54, but he has begun to lay the groundwork to ensure that his family's wealth can be sustained and grown through successive generations.

All the family assets, for instance, are in a trust, he says. He has also taken the first steps towards the creation of a family constitution, with the help of an adviser.

"A family constitution is in the works now. By the first quarter of (this year) it will be sorted out. The constitution will have a charter on what we need to do as a family and on decision making. So it will make it easier if my brother or I am not around, (the family) will know how to progress.

"The process is very challenging. And the real trick is to force yourself to post difficult questions. As a family you sit down and say – If I want to sell my shares, what happens? Would you have the money to buy? You may not; (the value) is sizeable and no one has so much cash lying around. All these tough questions have to be discussed.

"Maybe we don't get a resolution, but at least the issues are aired. There will be some unanimous decisions. The more difficult ones will probably be kept for another stage. It's never cast in stone, it always has to be relooked at."

He says he encourages his children to enter the business but leaves them to make a choice. "Should they choose not to join and they want to start a new business, the family encourages that as well. What better way to learn than to experience failure at the beginning rather than at a later stage? I'm not saying they'll fail, but if they do that's fine. If they want to start a new business, we say – pitch it to us; we may be keen to invest or pitch it to our friends."

He says he has raised his children to eschew the sense of entitlement and to be accountable for their lifestyles. "The best way to show this is by action. My father was very clear. In Hong Kong, if the car was not there, he would walk out and hail what came first – a taxi, a bus or a mini bus. His attitude was – I don't need to show anyone what I'm worth. Time is money. My children saw that and it was eye opening for them. They raised it to me and I said yes, look at that."

He made his children draw up a budget and send him a statement of expenditures periodically when they were in university. "It gave them a perspective on where and how they spent money. If they went over budget, why was that? It was not that I gave them $5,000 and they would come to me when they've spent it all. It's hard-earned money, it's not free. That was instilled in them from an early age."

He himself invests in stocks and bonds on a personal basis as part of a portfolio. But he is somewhat rueful on his equity investments. "A huge chunk goes into fixed income getting a small return every year. The rest I divide into two categories – long-term holds and trading buys. I've been doing this for many years and I keep making mistakes (on stocks). In the last two years, I've been reading Warren Buffett. I think it's the right way – to buy shares of a company you want to own. If you don't really want to own it, don't buy it. No matter how hot a tip you get, it ends in disaster.

"The truth is shares haven't made money. I listened to wrong advice. What has made money was fixed income. In good times or bad, it paid money. Every day the money was working for you and that's really important. You should never keep money idle. My dad always said to make money work hard." He says he takes a "very conservative" degree of leverage.

He is also mulling more involvement in philanthropy. Last year, the group pledged S$200,000 to the Shyam Sundar Jhunjhnuwala Charity Trust in Singapore to be managed by the Community Foundation of Singapore. An initial S$15,000 was disbursed to its first beneficiary, AG Home. The trust aims to benefit education, welfare and health-related initiatives.

"I think philanthropy is part and parcel of business. I feel the need to do it. I've given enough to business. Looking forward, I'd like to spend more time on philanthropy, and not just in terms of giving money, but how I can give my time and hands to organisations."

The family has a number of other long-standing commitments. It supports, for instance, a hospital in Chennai in India which undertakes research on diabetes. The hospital offers free diagnostic tests in villages and is gathering data to examine reasons for the prevalence of diabetes in India. His father Shyam Sundar himself suffered diabetes and heart disease.

Shyam Sundar was a keen supporter of the Phoola Devi School for Girls in Bhiwani, a district in the state of Haryana in northern India, which the family continues to support. "Dad was passionate about children, that they must have proper education, especially girls... In those days children at a young age of 10 or 12 were sent to get married to look after their families. He said this was wrong. I'd like to further that cause."

He is working towards a transition into his next life phase which could take six or seven years, when he can spend more time in philanthropy and giving. "I won't give up work totally, but I'd probably take a back seat and spend more time with family and whoever wants to join me in the next journey of my life."

Could that transition see a non-family member at the helm of the business? "Absolutely," he says. "My family is fully aware of it. That person should have the same vision and desire – not just to grow in numbers but to grow a business they can be proud of." W