

Destination Kerala

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Entrepreneurship. Economy. Excellence.



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VISHNU R G, EXECUTIVE DIRECTOR, RG GROUP
WITH HIS PARENTS **RAMESH R G**, CHAIRMAN AND
AMBIKA RAMESH, MANAGING DIRECTOR



SYNERGY WORKS MAGIC FOR THE RG FAMILY

*To transform a family-owned business into a market leader takes great synergy and bonding between the family members. These virtues become more important during succession. If everyone is on the same page when it comes to business values and strategies, the transition becomes easier. We showcase in this edition such a true-life story of a father-mother duo and their son who made it big. It is all about how shared business values and cohesion across two generations helped the family conquer the market virtually with a single brand. Here we present for our readers the riveting story of RG Group and the three pillars behind it – **Ramesh, Ambika Ramesh and Vishnu.***

INTERVIEW BY ATHUL LAL A G



VISHNU R G

Born at: Kozhikode

Based in: Kozhikode

Family: Nila Vishnu (spouse), Vaishnavi and Aadyathmika (daughters)

Loves to do (when not working):

Spend time with family. "After every trip, I spend two days with family. There is no compromise on that."

Favourite Holiday Destination:

Loves to travel. In India, Fort Kochi is a favourite place to hang out. "It's very relaxing. Abroad, I like Scotland."

While returning from one vacation, I decide on the next destination."

Music/Cinema: Rarely goes for movies. Loves listening to music.

Favourite Cuisine: Avid foodie. Loves to try different cuisines.

Drives: Driving is a passion. Owns BMW 5 series. "It is a driver's car. Great driving pleasure. We hardly get that confidence in other vehicles."

Leader you admire: Narendra Modi, for his decision-making power.

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or many, including me, the monthly shopping at the supermarket would not be complete without buying different kinds of oils. This time, while picking up gingelly oil, I suggested my sister to try a different brand. Though slightly reluctant to change her usual brand, she nodded and took a bottle of this Kozhikode-based brand, a relatively new entrant to the South Kerala market. Some days later, my sister, who is in her late 40s, said the gingelly oil had the same odour that she was so accustomed to during her childhood years. "This is pure and authentic," she vouched for it.

"No compromise on quality. That's the sole reason for our success." This is exactly what Ramesh R G, Chairman and Ambika Ramesh, Managing Director, of the 79-year-old RG Group kept on reiterating when I met them at their residence in Kozhikode to write about the success story of their family-owned business.

RG Gingelly Oil is the flagship product of the Group, which was started by the late M Gopalan, father of Ramesh, way back in 1940. The

business largely remained a regional player for seven decades relying on a strong customer base in Kozhikode district as well as catering to the requirements of leading Ayurvedic groups in the region.

Ever since the third generation joined the business in 2010, RG Gingelly Oil has evolved into a global product. And the man behind the vision is Vishnu R G, the son of Ramesh and Ambika, who is also the Executive Director of the company. The dynamic entrepreneur has literally turned the company's fortune around by expanding the retail division. Today, RG Gingelly Oil is available in 18 countries and counting. "Across all these markets, you will get my product at the same quality," Vishnu reaffirms his company's hallmark. "Next time you glance through the market rate column in the business pages of leading newspapers of Kerala, you would notice that Gingelly Oil (RG) is mentioned separately. That's the trust we have earned."

Vishnu's grandfather Gopalan was a trader with multiple business ventures, including cattle feed, ground nut, pappadam (Papad) and coconut oil. He ventured into gingelly oil (sesame oil) business in 1940 under the influence of one of his employees, who happened to be from Tamil Nadu. Subsequently, he focused on gingelly oil business and became an expert in the business.

"By smelling the sesame seed, he could predict its quality. By squeezing the seed and smelling the odour of the oil, he could say how much (quantity) oil could be extracted. He had acquired that kind of proficiency," says Ramesh, who still remembers his father, while he was in hospital, days before his demise, recommending him to buy sesame from a particular remote village in Andhra Pradesh, after smelling the sample seeds.

"Surprisingly, my husband has also got those skills," a proud

Ambika chips in. "That's why he looks after the purchase division of our business after my father-in-law passed away in 1988. To ensure quality gingelly oil, we must get top quality seeds. There is no other alternative."

"We do not have any secret technology," Vishnu joins. "Everyone is welcome to visit our hi-tech manufacturing unit in Malappuram. We are 100 per cent sure that no other competitor can openly give this assurance."

Today, under RG Group of Companies, there are three main concerns, namely Ambika Stores, Leela Oil Industries and Gopal Refineries and Oil Industries. Though Ramesh has been actively involved in the business since his childhood, he came to forefront only after the demise of his father. "He was 72, but very active in business. Given the bonding between us, it came as a shocker. He had a very distinct way of grooming us. At a very young age, he entrusted me the responsibility of cash. His primary concern has always been quality. He would never allow anyone to compromise it. Similarly, he was particular that we should treat all customers equally, be it the one who gives us bulk orders or a person who comes to purchase 100 gm of gingelly oil. Even now, we are particular of maintaining this culture. We have a small outlet within the factory premises where customers can buy gingelly oil even in very small quantities," Ramesh says.

Ambika married into the family in 1978. Till 2009, she played a behind-the-curtain role by supporting her husband in the business. An avid floriculturist, Ambika is the winner of the coveted 'Udyanashreshtha' award instituted by the Government of Kerala. "When I joined the family, we had two 'chakku' (traditional wooden oil mill) at Poolakadavu and Big Bazaar (Valiyangadi) in Kozhikode. The facility at Big Bazaar was operated



1940

M Gopalan started gingelly oil business under the brand name RG Gingelly Oil

1988

Ramesh R G takes over the business following the demise of his father

2009

Ambika Ramesh joins the family business

2010

Vishnu R G joins the family business paving the way for its mega expansion

2011

In its first overseas venture, the firm commences exports to the UAE

2012

RG Group gets rebranded, assuming an internationally accepted look. Unveils the newly designed bottle of RG Gingelly Oil in Kozhikode

2013

Launches RG Marines

2014

RG Group launches Pride India Exports Pvt. Ltd., a 10 per cent export-oriented unit

2015

RG Group diversifies yet again. Launches RG Foods and starts bringing out traditional snacks, rice, vinegar, tamarind, payasam mix etc.

24x7. During the initial days of the business, mills were operated using oxens in the place of motors. Now also we maintain a traditional production unit at Mahe,” says Ambika, who ascended to the senior leadership role following the partition of the ancestral property in 2009.

Under the traditional method using oxens, only two sacks, around 150 kg, of sesame seeds could be processed in a day and the yield would range from 30 to 36 kg. With the installation of machines, the production capacity has increased manifold with 40 sacks being processed in a day. “Now, in our hi-tech manufacturing plant, we process 120 sacks every day under three shifts. The fully automatic machine delivers

Vishnu’s life. “Having led life king-size with parents, I could hardly adjust with the work conditions there. I was supposed to stay with a dozen people with a common washroom facility. I tried my best to survive. Once, I was asked to distribute leaflets at Al Wahda Mall as a punishment for extending the leave without prior approval. Honestly, it was quite a revealing experience for me,” he said.

According to Vishnu, the turning point for RG Group was his parents’ decision to support his initiative to expand the retail market and kick-start international operations. “Certainly, it was a risky decision as far as they were concerned. But having listened to my plan, they said: ‘This

in supermarkets. ‘I would observe the way customers picked a particular product. Not just oil, all items. I would interact with some of the customers and try to understand what their priorities were. After some time, I realised that attractive packaging and reasonable pricing are the key deciding factors in most of the cases. I also noticed that majority of the products from the Kerala market were packaged shoddily and priced exorbitantly. Once I joined the business, before venturing into international market in 2010, I redesigned the bottles and labels befitting international standards. I added only freight charges over the MRP and commenced international operations. That’s the only reason why we have emerged as market leaders in foreign markets within two years,” he adds.

In the UAE, today, 99 per cent of supermarkets sell RG products. In terms of the Group’s annual turnover, overseas business now constitutes a major share of the total business. “I don’t want to reveal the turnover for obvious reasons. But I can tell you one thing. Earlier, we used to supply products to Thiruvananthapuram in a small van. Now, we undertake supply in a heavy truck frequently. We commenced our overseas business with 50 cases, that too, when one of the containers of a leading brand from Kerala had some vacant space. By the grace of God, the next order took a full container,” says a proud Vishnu.

For RG Group, Vishnu feels, the challenge now is to sustain the business and grow at a decent rate. “Even now, when I visit my overseas markets, I spend my free time at the floor of supermarkets where my products are displayed. Pretending as a customer, I speak to customers asking them why they preferred RG Oil. One customer once told me it is because this company shares the nutrition facts in detail. Similarly, each of them will have their own reasons



VISHNU WITH FORMER PRESIDENT DR. A P J ABDUL KALAM AND PRIME MINISTER NARENDRA MODI



TODAY, 99 PER CENT OF SUPERMARKETS IN THE UAE SELL RG PRODUCTS. OVERSEAS BUSINESS NOW CONSTITUTES A MAJOR SHARE OF THE GROUP’S ANNUAL TURNOVER

120 ready-to-sell bottles per minute,” says Ambika, who looks after the day-to-day affairs of the Group and manages production facilities.

Though hailing from a traditional business family, Vishnu had a fascination for pursuing a professional career after completing post-graduation in business administration. After his stint with a leading private firm in Kerala, he left for Abu Dhabi and began working with a major healthcare group.

His experience working in Abu Dhabi was a turning point in

business is all yours. We are sure you would take a wise decision when it comes to taking it to greater heights. You can do whatever you feel is ideal for growth. But always consider every aspect well before you take a leap. When they said this, it made me think many times again. But, I saw it as an opportunity to prove my skills. Even now, they keep telling me this. And their words make me more responsible and dedicated to the business,” he says.

While working in Abu Dhabi, Vishnu used to spend his free time



THE REBRANDING CEREMONY OF RG GINGELLY OIL HELD IN KOZHIKODE

for choosing a brand. If I saw someone choose my competitor brand, I would ask them if they had tried RG Gingelly Oil earlier and seek their comments. Likewise, I always try to get the feedback and make necessary changes in production, marketing and branding,” he adds.

Other than gingelly oil, RG Group also sells various snacks, including payasam mix under the brand RG Foods in overseas markets. “The plan is to introduce our local and traditional snacks to the global audience. We have outsourced manufacturing of these food items to local companies. To ensure quality, we have dedicated quality controllers as well as auditors who constantly carry out frequent inspections and monitor production standards,” he shares. The Group is yet to launch food products in the Kerala market.

TODAY, RG GROUP HAS PRESENCE ACROSS ALL DISTRICTS OF KERALA WITH OVER 200 DISTRIBUTORS, EACH HAVING AROUND 400 SHOPS UNDER THEM ON AN AVERAGE

The Abu Dhabi-based Al Tayeb Group distributes RG’s products in the UAE. In Singapore, it is done by Mustafa Centre. “It’s a fact that our association with strong overseas partners helped us grow in a big way in foreign markets,” Vishnu says, adding that his next focus is American countries and Europe. “In Europe, there are several small-scale

players, with whom we would like to associate. We have identified three distributors in the US as well,” he adds.

Today, RG Group has presence across all districts of Kerala with over 200 distributors, each having around 400 shops under them on an average. Now, Vishnu is working on plans to expand to markets outside Kerala. “But we are not in a hurry. The distribution network in Kerala was not evolved simultaneously. At first, we did Kozhikode followed by Wayanad and Kannur. Slowly but steadily, we expanded all over the State. Now, we are in the process of revisiting the existing operation in Kerala. By adding around 50 more distributors, we would streamline the operations here. I also keep in mind the growth potential of the distributors. We will never supply directly to shops. There are companies which supply products directly to shops, which take large quantity of products. I don’t want to do that. I believe, the growth of my business depends on the commitment of our distributors. If they are not taken care of and feel insecure, it will affect our growth,” he adds.

For the Group, Tamil Nadu is the next target market in the country. “Right now, I am studying the market. There is not much competition but we are not yet ready to foray into the neighbouring State. I am very particular that I should visit all



THE LAUNCH OF RG FOODS

districts at least once. Strategy will be different for different markets. Then only we can effectively do the business,” he says.

According to Vishnu, RG Group fully backs the State Government's steps against adulteration. “We fully support the government because there are many people in Kerala who believe that anything will work in Kerala. That should not be allowed. I will sell only those food products which I give to my children without any second thoughts. We only need those traders who abide by all rules. Adulteration is rampant in the edible oil segment. Recently, I got information that there is a gang operating in Kerala which collects used oil from hotels across the State, filter it and sell it for making soaps and *vilakkenna* (lamp oil, which is relatively cheap and used exclusively for lighting traditional lamps). We have urged the government to take stern action against them,” he adds.

Is there a plan to launch a lamp oil brand? “No, never. My sales team has been pushing really hard for launching lamp oil. True, if we start bringing it out, our turnover will multiply many times. But there is some divinity attached to using gingelly oil for lighting lamps. That has to be followed,” he says.

Unlike many other business concerns, RG Group's employees mainly comprises women. “That's the decision taken by my mother. She takes good care of the employees. Also, we always prefer freshers while recruiting employees. Then only we can



AMBIKA RAMESH RECEIVING DESTINATION KERALA SME EXCELLENCE AWARD 2017 FROM THE THEN INDUSTRIES MINISTER A C MOIDEEN

train and mould them. From our experience, they perform better than seasoned professionals,” he adds. RG Group earmarks a major share of its CSR fund for the education of their employees' children. Besides, it sponsors education of students, who hail from economically weak families, in the region.

Despite being actively involved in business, Vishnu and his parents restrict business-related discussions at home. “More than a family, we are a good team. We respect each other and value the opinion of each other. When we are not travelling, every evening three of us will sit together and discuss our business. Many important decisions are taken during these sessions. We may have difference of opinion but once a decision is made we will stick to it. After that, nobody talks business at home. In fact, my mother has imposed some restrictions. Sometimes, I may want to discuss something with my father during breakfast. However, my mother will discourage me. To be frank, we never expected

such a growth for the company and now we are enjoying it in a very relaxed mood. We only want to continue like this. There are no plans to resort to inorganic ways to boost growth. Our vision is not to become a billion-dollar business but sell products which people love. Do you know my hobby? It's to stand and watch my products being displayed at supermarkets! I would watch from different angles, change position of bottles on display and watch again. That's the passion attached to it. When I see a customer opting my product, the satisfaction it gives is limitless,” he adds.

Vishnu strongly believes that the key to success lies in smart work. “In Mahe, I found my oil is put up for sale in a hardware shop. I must say that my distributor there is super smart,” he said.

All through the conversation, I could see Vishnu's eyes brimming with pride whenever he spoke about his parents. “I am really happy that I have made them proud. During my childhood, when people used to ask me where all one could find RG Gingelly Oil, my reply was always the same – Big Bazaar in Kozhikode. Now, it's a global brand. Now if they ask me the same question, my answer is ‘in every nook and corner of Kerala’. When shop owners or customers say good things about the product to my parents, I can feel the happiness in their mind. For me, that's the biggest achievement,” Vishnu signs off.



VISHNU WITH GOKULAM GOPALAN (SREE GOKULAM GROUP), SOHAN ROY (ARIES GROUP OF COMPANIES) AND DR. C J ROY (CONFIDENT GROUP)