

FAMILY TRIUMPH

Srichand is a rare family-owned business that makes it to the third generation. **B8**

Family triumph

Srichand is still thriving after being in business for 66 years. Its young managing director puts this down to good old-fashioned hard work and perseverance plus some much-needed modernisation, writes **Nop Tephaval**

Family-owned businesses play a major role in the Thai economy, but a PwC report says only 12% globally are able to make it to a third generation.

The report suggests many family businesses will continue to see growth but are increasingly faced with demographic shifts and changes of consumption that will hinder them.

Rawit Hanutsaha, the 35-year-old managing director of Srichand United Dispensary Co, had to make changes at his family business when he joined it in 2006. After graduating with an engineering degree from Chulalongkorn University and an MBA from Vanderbilt University in Tennessee, he was a trader at Citibank for three years before joining Srichand.

Founded in 1948 by his grandfather



Rebranding has made Srichand products more appealing to younger customers.

Phong Hanutsaha, Srichand was a small company with only 30 employees and a little under 30 million baht in annual revenue, with sales of its cosmetics primarily via pharmacies in the South.

Mr Rawit is the third generation running Srichand, taking over from his uncle who retired in 2006.

The Bangkok-based company makes powders to treat rashes and pimples and control facial oil. It also makes pharmaceutical products in liquid form and chemical products under the Srichand Professional trademark.

"It was difficult transitioning from being a trader to running a company, so I had to take my time and learn how the company operated, from production and warehousing to accounting," Mr Rawit says.

Among the first things he did was to introduce computers to a company that had none. Now, in a giant leap forward, its computer systems are run by SAP, a leading enterprise software company.

Mr Rawit admits there was some initial opposition as he attempted to prove that what he was doing would help the company.

Another thing he did was to enter modern trade through 7-Eleven to increase exposure to its products.

"It was also a form of credibility for the

company because the product has to be something or else it won't be on the shelf at 7-Eleven," says Mr Rawit.

At first 7-Eleven was worried Srichand products might not sell. It took some convincing and Srichand products were initially available only in the 7-Eleven catalogue.

This turned out to be a success, which led 7-Eleven to place an order that far exceeded Srichand's production capacity. Through perseverance and round-the-clock production, the company managed to fulfil the order.

"It was a once-in-a-lifetime opportunity that won't happen again, so we had to succeed. If we had failed, we would have had a big problem," says Mr Rawit.

He attributed the early success to his desire to be different. "My mindset is that as a small company if we do what others do, then we will have similar growth. So we have to do things that other SMEs might not want to do," he says.

Srichand also decided to use advertising for the first time, spending half its revenue on campaigns.

The company also rebranded itself from Srichand Powder to modernise its image and change the perception its products were for the elderly.

"Removing the word 'powder'

allowed the company to expand beyond powder-based products," Mr Rawit says.

"While Srichand may seem traditional, it can become cool if you develop it properly. It is my life mission to make Srichand a cool cosmetics brand."

Srichand employed a leading business consultancy, Black Sheep, to help develop its branding strategies.

"I don't think other SMEs did that and we might be the smallest company they have ever worked with," Mr Rawit says.

"There are not many Thai cosmetics companies that can compete with international brands. If we succeed, it will prove something about Thailand."

The rebranding was successful in attracting younger customers. Now half its customers are aged 25-35, which is a definite improvement, he says.

The company also invested heavily in research and development in order to differentiate itself from competitors.

"When we develop a product, we always worry about the cost last. We tell developers to make the best possible product, then we will find ways to sell it later," he says.

"Our newest product is translucent powder, which I consider our masterpiece. Our benchmark is the best translucent powders by leading international brands that can cost thousands of baht."

Mr Rawit's masterpiece was developed after testing more than 10 formulas — and it costs only 280 baht.

Srichand has three cosmetics products: original Srichand powder, Srichand Tanaka powder and translucent powder.

Mr Rawit expects the company to have 250 million baht in revenue this year. He hopes revenue will reach 400 million baht next year but, if not, it will definitely exceed 300 million.

"2015 will be a big year for Srichand because products we have been developing will begin to be launched," says Mr Rawit.

Srichand also makes products for professional use in hospitals and pharmacies, while its H2O brand sells imported cosmetics. Half its revenue comes from professional products.

Next year, Srichand will launch Sasi Lab, a personalised cosmetics service. Mass-produced products are not always suitable for people with different skin conditions, says Mr Rawit.

Customers will fill in questionnaires online or at stores to evaluate their

needs. Once Sasi Lab receives the questionnaire, it will make a product based on the information.

The Asean Economic Community will also present a huge opportunity for Srichand, as the amount of imported cosmetics in Cambodia, Laos, Myanmar and Vietnam remains small.

"The initial focus will be on neighbouring countries because of the similar cultural backgrounds, and Thai products are well received in those countries."

Mr Rawit hopes to make Srichand a listed company by 2020 to reward his team for their hard work and to make the company even more professional.

"If we want to hire professional executives, it will be easier as a listed company. It will also be easier to raise funds in the capital market to help Srichand expand more quickly," he says.

"For me, success has no elevators, only stairs, so I have to work hard and persevere. I say this because I see a new generation that is more well rounded and smarter than me, but one thing missing is perseverance."



His life mission is to make Srichand a cool cosmetics brand, says Ravit Hanutsaha, who now runs the company that his grandfather founded in 1948.