



\$100 Million Business Builder Ash Garg on How He Jumped From Corporate Exec to Top Entrepreneur

Steve Sanduski:

Hi, everybody, and welcome to another episode of On Your Mark, Get Set, Grow. This is the podcast of CEO Coaching International where we talk to the world's leading entrepreneurs, CEOs and coaches who are looking to make big happen. I'm your host Steve Sanduski and our guest today is Ashutosh Garg. Ash is from India, and he has an amazing entrepreneurial journey. He spent the first 25 years working for large companies and learning how business works, and then at age 46 he decided to become an entrepreneur. He wasn't interested in just being self-employed. He had a vision from day one that he wanted to build a pharmacy company that rivaled the largest pharmacy company in England.

He opened his first store, which was only 400 square feet, in 2003. 13 years later he was running a \$100 million business. If that's not enough, he's the author of five books, has a substantial social media presence including 1.4 million followers on Twitter, and he is now a coach at CEO Coaching International. We are super-excited to have Ash with us, and with that please enjoy our conversation with Ash Garg. Ash, welcome to the show.

Ash Garg:

Thank you very much, Steve.

Steve Sanduski:

Well, I'm really looking forward to having our conversation here, because you have a pretty incredible background, looking at you are a author of multiple books, you have a huge social media following, you've built a tremendous company in India. You have a great corporate career before you started out as an entrepreneur. You're also an angel investor, so lots of different things we can talk about here. Where I'd like to start is if you could tell us a little bit about how you made the shift from working in large corporations early in your career, and then you decided to become an entrepreneur, so that's a big shift. How did you go about making that shift?

Ash Garg:

Thank you, Steve. First let me really thank you and CEO Coaching International for this opportunity to speak to you, and through you to a whole lot of other listeners. I am grateful to all of you, and I sincerely hope that our discussion today will be of value to people who listen to us. You asked me this question about making the shift. I finished my business school when I was 21 years old, from one of the top MBA schools in India, and then I joined the India Tobacco Company, ITC as it's called. It is amongst the top two or three companies in the country, owned predominantly by British American Tobacco.

I spent the first 17 years of my life working for ITC, after which I was headhunted, and I moved to Lockheed Martin, and then to Hughes for four years each. For both these companies I ran Asia for their aerospace business. Then in 2003 when time came for me to move to Germantown, Maryland, that is when my wife and I decided that it was time to quit. In 2003, as I write in my first book, I woke up and joined the ranks of the educated unemployed in India, and that was 25 years of experience, 46 years of age, and that is when I really started to think what do I do next.

My immediate first reaction was that we play lots of golf, lower my handicap, which I did for a couple of months but then got bored of it. That's when I started looking around in the space of health. I'm sure you know that India has 1.3 billion people, and our health services are good, but not as good as they should be. One big challenge I found was in the retail of pharmaceutical products. Just to give you a perspective, where we see the two major American companies Walgreens and CVS today, picture them maybe 35 or 40 years ago, and that's where India was in 2003 when I decided to launch my first store.

I did it organically. I built my first store which was only 400 square feet. I used to stand behind the counter and sell medicines on my own to learn the business, and nobody would believe me when I said that we will build this into a large chain. It took us four or five years, but from a single store we built it to 100 stores. That is when we needed to bring in a very strong element of nutrition, so I reached out to GNC LiveWell, which is America's largest nutrition company, and GNC partnered with me in India, and over a period of five or six years we became GNC's fifth largest franchisee in the world.

It was only in 2016, late, early 2017 that I decided that I'd done enough of all this, and I said it's time to make another change, so I had a very successful exit from Guardian. I still sit on the board. I thought it's time for me to do different things in life, and that is what really made me make the transition, and that is where I am today.

Steve Sanduski:

What is the size of Guardian? You started out as that one store with 400 square feet, and then how large was it at about the time of your exit?

Ash Garg:

It was almost \$100 million. That was a reasonable size company, and decided to sell it at that time.

Steve Sanduski: Then you ended up writing several books along the way as well, so tell me a little bit about the books that you wrote, and maybe share one or two of the key thoughts that are still resonating with you from the books that you wrote.

Ash Garg: That's an interesting question, Steve. I've written books on various subjects. I've always enjoyed writing. I have my own blog in the largest English newspaper in India, which I believe is the largest English newspaper in the world, it's called The Times of India. My blog gets read almost by 2,500 to 3,000 people every day. As I was building Guardian as an entrepreneur, I used to go and speak at a lot of conferences about my experiences. What I found was a number of young people would come to me and ask me questions, and then they would say, "Why don't you write a book?" Therefore I sat down one day in 2010 and I said let me start putting my thoughts together. It was really a first-person account of my own journey from a professional manager to an entrepreneur.

The title of the book was The Buck Stops Here. This is something, if I remember correctly, from President Roosevelt's day, where he used to keep this little slogan on top of his table. The way I looked at it was, and the reason I selected the topic "the buck stops here" was because I believe that as an entrepreneur the buck stops on the table of the individual who has to find salaries at the end of each month to pay the employees. That's how the title came, The Buck Stops Here. That book went on to be a very, very big seller, and it continues to sell. It was made into an audiobook as well. That was my first book.

The second book I wrote was what I refer to as corporate fiction, and it's more about work-life balance. The title of the book is The Corner Office. It's a work of fiction about how individuals join large corporations, how they work their way through, and how at the end of their careers they suddenly realize that has this entire journey been worth it and where have they compromised their family lives and their personal lives. The third book was a rewrite of the first one, but with a different twist. It was more from the perspective of making it like a manual for startups and entrepreneurs.

The title remained the same. It was The Buck Stops Here. While the first book was my journey from as a manager to an entrepreneur, the third book was The Buck Stops Here, my Learnings of a Startup Entrepreneur. The fourth book was on retirement. Again, that's a book that is doing exceedingly well. The book is about managing retirement in the 21st century, where, again, my hypothesis is that a lot of people do not think of retirement, and when they do retire they don't plan for it. What I'm telling people in this book is that retirement happens not because there is something being wrong with you, but because of the superannuation policies of your employer.

Today 60 is like yesterday's 40, which is a very common slogan that everyone talks about that people are much fitter. This is a book that talks about retirement in the 21st century. My fifth book is pure fiction set in India. It's called An Eye for an Eye. I've just finished my sixth book, which has just gone for

publication. It'll be ready in October 2018. The book is titled The Brand Called You. Once again the hypothesis is that each one of us as individuals are brands, and yet we spend most of our lives building brands for our organizations, or for the people we work for without thinking that the only brand that we really own is our own name, and that's the only legacy we will leave behind. Those are my six books.

Steve Sanduski: That's quite a collection for sure. Let's talk about some of the lessons that you've learned over the course of your entrepreneurial career here. Maybe let's go back to the startup days, so back 2003, the early 2000s as you were just getting your company going. What are some of the lessons that you can impart here or that you learned that as you reflect back on those days that are important in the startup phase of a company?

Ash Garg: I'm going to take these step-by-step. There were lessons that I learned when we were starting up. There were lessons that we learned when we were building, they're the lessons that I learned when we started to ramp up. Let me start with the first one. For a product like medicine, which is fairly tightly controlled and governed by the government of India, the first and most important lesson that I learned was to study the environment very, very carefully before we started. There is a lot of legislation and there is a lot of licensing that is required in India, and that hasn't changed even after 13 or 14 years.

We have a very old law called the Drugs and Cosmetics Acts of 1943, which still governs all the pharmacies, and therefore I had to get a very, very good understanding of the license, because any violation of the license terms under the act would mean shutting down of my store. The first one was to study the environment very carefully. Once I had understood that, I decided to write out my first business plan. Now, all of us know how to write a business plan. It's no different from writing out your home monthly budget, except that now you've got to factor in a whole lot of other points such as how much revenue do you need to get and how are you going to project your costs, and then there is the other variable of what your capital expenditure is going to be.

When I wrote my first business plan, my first line of my first business plan was build Boots in India. Boots as you may know is UK's largest pharmacy chain, which is, I think, two or three years ago been acquired by Walgreens. That's a brand that I was very familiar with having spent a lot of time. My first line of the business plan, and that was also to set my aspirations was build Boots in India. As I was doing that business plan, I used to go to London, and I used to be in New York, and I spent a lot of time walking the aisles, so to speak, of Boots, in New York it was Duane Reade which has now been acquired by Walgreens, and in some of the other cities I would go and spend time in Walgreens learning what they are doing, standing at the cashier, and just keep on observing.

Based on all the observations I wrote out the business plan, and I decided how the mix of the business would be, what would the traffic flow of people be, how

would my store look. Obviously I worked with a lot of well-known designers. I hired some very well-known pharmacists who helped me put together the first set of products that would go into the stores. I wrote out the business plan and I wrote out actually three business plans. The first plan that I wrote was a very, very optimistic plan. I redid the whole plan and made it a very, very pessimistic business plan, and then finally between these two plans I developed something that I now term as a realistic business plan.

I thought that it was my realistic business plan which we would get out there and achieve, and I think we achieved most of what we had made, or what we had written down in our plan and what we had committed to ourselves. Once the business plan was done, we had to make our first store. Just to give you a perspective, between the time I took a decision to go into the pharmacy business, to understanding the environment and the legislation, to writing out a business plan, to opening my first store, the entire process took about five months. From nothing in my mind to getting the first store open was about five months.

As I said, 1st of April 2003 I start. I'd left the corporate world, and the 23rd of August, 2003, I opened my first store. That is when a new set of challenges started to emerge. The challenges were how do I ensure that the inventory that was there, and there was about in the small, little store there was about \$35,000 or \$30,000 worth of inventory, how do I ensure I manage the inventory well? Because every single medicine, and as you would have seen in your own pharmacies in the US, medicines are just tiny little strips, and to manage so many thousands stock keeping units, SKUs as they are called, takes a computer system.

We had initially put together only a very, very preliminary system, but we had to scramble together a really good system design and put in place. That took us a little while. Realized that we had to get some really good people, so went out and started looking for people. Realized that in 2003/2004 not too many good people were willing to join a startup. I had to use my own personal credibility, and use all kinds of cajoling to get these individuals to join us. Once they did, they stayed with us. I also recognized that since I was not a pharmacist, I had to hire people who were better than me, who knew the business.

I was 46-years-old. Most of my team were in their late 20s, or at best early 30s, so I was that 46-year-old man of my company, and that on the one side gave me a little moral advantage of being the older person. In India the older persons are respected a lot. It also gave me an opportunity to be able to put in place some very, very strong governance practices which I had learned in the three large companies that I had worked for. I think that was one major differentiator that I have seen with startups today is that the wisdom of ... The challenges that you will face as a startup, I had faced for 25 years in the corporate world, and therefore I was able to navigate my way around these challenges.

On the other hand, I also found that it was a very, very new business. My learning curve was very steep. I would start work at 5:00, 5:30 in the morning, and I would probably work straight to till about 11:00 p.m. at night, because I was trying to build a company. I was running a store. I was trying to get a marketing plan in place. I was trying to get a supply chain up in place. I was trying to get the IT systems in place. It was madness, but it was a lot of great fun.

Steve Sanduski: Let me ask you this Ash, so it sounds like you started the business by yourself, and without a partner. As you look back, was that a good strategy? Obviously it turned out really successful in hindsight, but do you think that maybe things could have been different if you had a partner, or how do you think about entrepreneurs starting businesses with partners as opposed to starting it off where they're the main person, and then they just hire people around them?

Ash Garg: Well, I'm a very great advocate for getting a partner. I didn't have a partner. I didn't have the luxury of being able to find someone at that particular stage, but I think if you can get someone you trust, and if you get someone who has the same value systems as you, and more importantly if you have skill sets which complement one another, then I think getting a partner in your business is very, very valuable. The second thing of getting a partner is, as an entrepreneur it's a very lonely job. I used to find this very often that everybody in the company was someone who I had hired, and therefore there were very, very few people who would actually pushback.

I used to tell people openly, "Hey, guys, listen, I know I'm the chairman of the company, but I don't have all the answers. You people have much more knowledge, so you need to be able to say no." If I'd had a partner, I think that may have been a little more effective. They have certainly shortened my learning curve.

Steve Sanduski: Then how about in those early days as you think about cash, so you ended up building a fast-growing company. How did you think about cash? How did you monitor cash in the early days?

Ash Garg: The pharmacy business in India is a pure cash business. Every day we would sell medicines, we would get cash, either cash or credit cards. The interesting thing about the pharmacy business in India, and I think it's the same all over the world, is that you buy on credit and you sell on cash, therefore you should generally be a cash surplus. Where a company is growing very fast and when a company is expanding its network, we also found that the largest amount of our cash flow is really going into working capital, into our inventory. We did a few things.

I don't think we ever had the luxury of too much cash. We were always scrambling to get more cash, because we were growing the stores, we were building new stores, and we were increasing inventory and we were getting

more people, and of course there was cash burn because by the time a store became profitable we had built another five or six stores, which meant that these five or six stores would suck up all the cash. We did raise money from friends and family after which we went to a private equity fund and raised money at pretty decent valuations. My job as the chairman of the company or the CEO of the company was really to make sure that there was enough cash available so that the company would not falter, and that is something I would keep doing.

When we ran into some challenges of cash flows, we would go to our suppliers, and we'd upfront tell them, and we'd be transparent with them, and say, "Hey, listen, we can't pay you in 30 days. We will pay you 0.5% interest, but we will pay you in 60 days." I did not meet a single supplier who did not appreciate the transparency which we were speaking to them, and they would extend the credit to us. That's how we would manage our cash when fresh equity or fresh debt wasn't coming into the company.

Steve Sanduski: Then how about moving to the next stage of the company's growth, what were some of the lessons you learned in the next stage?

Ash Garg: The next stage of the company was to get the first 25, 30, 40 stores up and running, making some money, making sure that the systems and processes in the company were strong, making sure that the information technology systems, the enterprise resource, the ERP systems were all stable. Once we had started to do that, that is when we brought in a team of people who were experts in getting new lease rentals, brought in some people who knew how to design and build stores, and then we started to put together a team from our old stores who we would say that ... There'd be a team of four or five people: one operations guy, one IT guy, one finance guy, and two marketing people or one marketing and one customer care persons, and we'd pick them up and say that, "Now, it's time for you to go and spend six months in a new city and go and build five stores there."

That is where we started to ramp up. Then that had its own set of problems. The learnings there were that when we are ramping or even we are scaling up the challenge was how do we ensure that the values of the company, the ethics of the company, and this included simple things like how do you ensure that the brand of the company is protected, how do you ensure that the look and feel of the brand is protected, how do you ensure that every human being that's in the company speaks the same language to the customers? Those were some challenges which we encountered. We had some good HR people and there were people who were tasked with the job of making sure that there was standardization across the entire chain.

Took us a couple of years to be able to bring the standardization in, but once that happened then it became an easier business to run. As I've said, very often when you are building a highly-distributed business like a retail pharmacy chain

from zero to fifty stores you build with your sheer brute strength, and everyone's shoulder is to the wheel and everyone's pushing together. Going from 50 to 150 stores, the biggest challenge was to make sure that the systems and the people worked together to be able to take it to this next level of expansion, and once we crossed 150 stores the systems of the company took over themselves.

Then it pretty much became a situation where it did not really matter who the manager was, but the systems were running the company. That is where I thought the value started to come in. I think that's where the company is at now, where the company is now expanding, growing, and the systems are running it pretty much. Obviously, the top management can never afford to take their eye off the road. They need to keep on monitoring, but with a strong system in place things keep moving on their own then.

Steve Sanduski: Then you mentioned the values and ethics, so how did you incorporate that throughout the organization? How did you get people to understand the values and the ethics and continue to reiterate that to everyone so that it really filled the whole organization? Did you start that from day one, or how did that develop over time?

Ash Garg: I think the only way an entrepreneur can communicate the values and ethics is by modeling each of these practices himself or herself. That is something which I said I would do personally, because when people saw me doing the right thing and saying no to the wrong thing the message would go through. I'll give you an interesting story. In the first seven or eight or ten days of opening of my first store, I was standing behind the counter, and a lady walked into the store, and these are self-service stores, other than of course the medicine section, as indeed you see in any other part of the world, and she picked up several products, and then said that I want a bill for medicines, which we said no to, because that meant that she was asking us to give a bill which was an incorrect bill.

Not only would this have been wrong to do, but it would also mess up the inventory of the store, because the store's stock was computerized. She got upset. She walked off saying that she would never come back. The next day she walked in again, and I said to her, "Madam, I'm sorry but we do not give bills which are not correct, so we can only give you a bill for whatever you want to buy." She came to me and she said that, "The fact that you don't give these kind of bills means I can trust your pharmacy." That message went through and was repeated for years across the chain. Whenever someone was asked this question to give a fake bill or give an incorrect bill, they would quote this example but they would not do anything incorrect.

Even these kind of practices that we kept on hammering home, we kept repeating them. We would talk to people, I would tell people when we used to train them the first batch, second batch of people as they would come, and I

would go and talk to them about the values of the company. I would talk to them about the ethics of the company. That is how we were able to communicate this down the line. I don't think I can say that everybody followed those ethics. Obviously there were challenges that we faced in that also, and we had systems in place to take action against people who we found were not following those practices. Those people were asked to go.

Steve Sanduski: Knowing what you know today, you've had an amazing career from working for large corporations and then this entrepreneurial career, so thinking about what you know today and looking back to 2003 as you were getting ready to open up that first store, what's the one thing that you wish you would have known back in 2003 that you know today that might have made your life a lot easier in building the company?

Ash Garg: If I had known the kind of time commitment it takes to build a business, I would certainly have been more aware. I think I was working 24X7, 365 days a year. I also did not recognize early on about the incredible amount of cash a pharmacy business needs. Therefore I was constantly running raising more and more cash. If I had known about these two things earlier, I may have been able to manage my life a little better.

Steve Sanduski: As you think about the whole time that you were building Guardian, what was one of the toughest decisions that you had to make? What is your process for making tough decisions? Do you have some kind of format or framework that you follow when you are faced with a tough decision that you have to make?

Ash Garg: I would say that the two tough decisions that I used to make and that always confronted me was, number one, if a store was not working, to shut it down. The second was if an employee, if a senior employee was found to be either inefficient or had some other challenges to ask that individual to leave. In both these we had put in place certain processes. As far as the shutting down of a store was concerned, we had our financials. We would review after six months, we'd review after twelve months. If a store was still not performing we would ask the management to come down and explain what the reasons were. We'd give them another six months to plan it out. If it still did not work, we would have to shut down.

Remember that shutting down a store not only made us lose money because of the capital expenditure that had gone into the leasehold renovation, but it also hurt the brand, because people saw the brand in the marketplace and then suddenly saw it close down. That used to be a painful decision, but I thought we had worked out that part of the plan or that part of the decision making process of shutting down quite well. As far as the people were concerned, when it came to junior and middle level people, we had very strong appraisal systems. They would be appraised on their performance, on their ability to manage a store, or if they were middle management about how they were managing their people.

What we used to say was that at the end of every month ... At our peak we had about 1,400 people working for us. We used to tell people that whoever are your bottom 2% of that employees in terms of performance, I would ask them to come and meet me, give them an opportunity to work their way up into the higher levels, and if they still didn't do it after a month we'd ask them to go. As far as the senior people were concerned, it was a little more difficult because we've had instances of ethics. We found senior people involved in taking some of our data to competition. We found some people with sticky hands, and those kind of people we asked them to go within 24 hours.

I would say these are the two more difficult decisions that I had to take.

Steve Sanduski:

Now, let's switch gears here, and you have recently joined CEO Coaching International as a coach. Tell us about that decision. What made you decide to want to work with CEO Coaching International as a coach to other entrepreneurs and CEOs?

Ash Garg:

Steve, over the last two decades I have mentored and coached dozens of people informally while I was working, or while I was building a company. This was done more from the process of giving back things that I had learned to a group of young individuals. At any point in time I would have between four to six individuals who would choose a time and come over to my house on a weekend and spend a couple of hours chatting with me about what they were doing. Once I sold my business, that is when I said that I'd like to do this a little more formally.

I met Mark Moses at a YPO global leadership conference meeting in Singapore. I got chatting with him, and I found that he had built an incredible platform over the last 10 years in his company CEO Coaching International. He had some strong systems and processes, and he invited me to come and visit him and the entire CEO Coaching International team at the Newport international summit, which is where I went. I was fascinated with the amount of detailing and the amount of work that the company was doing.

That is when I agreed with Mark that I would work with CEO Coaching International to build a strong practice of coaching in India and possibly in Asia, because while in the US coaching is something which is very well accepted, coaching is something which is now beginning to get understood, leave alone get accepted, and people are beginning to understand the importance of a coach, and the importance of someone like a coach holding them accountable with specific and measurable activities that can benefit the individual.

What I also realized and learned from CEO Coaching International discussions over a week in Newport was that as a coach it is important for us to see our success in the success of the individual we coach. That's something which I also believed in. I like the value systems of CEO Coaching. I like the systems. I like the processes, and that is why I agreed to work together with them.

Steve Sanduski: Excellent. We're just thrilled to have you a part of the team here, and you have an amazing background, so it's going to be really exciting to see the work you're going to be able to do with the clients of CEO Coaching. Let's wrap up here with a few rapid-fire questions. The first one here is who has had the greatest impact on you as a leader?

Ash Garg: When I think about it, I would first think of some corporate leaders, but, no, I would get into a bigger role, and I'd say that there are two individuals who had a very strong influence on me. One is the current prime minister of India which is Narendra Modi, and the second is the former late prime minister of Singapore Lee Kuan Yew. I used to be in Singapore for seven years when he was prime minister, and I value both these people for their incredible commitment to their countries, for their single-minded determination to development, and for their commitment to improving the lives of other people. They are people who have been true game changers for their countries. I also think that they have played a very major role as coaches to a large community of their population.

Steve Sanduski: Then how about this, you've written multiple books, but as you think about books that you've read, what is one of your favorite books that you've read?

Ash Garg: I would think that my favorite book, and it's a very old book, it's a book called My Years with General Motors by Alfred P Sloan. It was written in the 50s. It's a biographical sketch of General Motors when it was one of the biggest companies in the world, and Alfred P Sloan was the chairman. I think it's one of the finest books I have read on management, and I continue keep that in my library. Very often I just pick it up and read a chapter or so.

Steve Sanduski: An oldie but a goodie. I'm going to start a sentence here, and I'd like you to finish it, so the sentence is: what I know to be true is.

Ash Garg: To live life on my terms.

Steve Sanduski: Excellent. Then I'll start a second sentence here. The best way to accelerate personal growth is.

Ash Garg: Is to keep reinvesting in yourself, keep reinventing yourself, and keep rebooting yourself, which incidentally is also the title of my book on retirement.

Steve Sanduski: Excellent. All right, Ash, well we are going to wrap it up there. I really appreciate you taking some time here today, some interesting insights, and again, just a fabulous career that you've had. We're super-excited to have you here as a coach at CEO Coaching International.

Ash Garg: Thank you, Steve. Thank you very much for your call.

To inquire about our coaching services and programs, please call **1-866-622-9583**.

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