

-- Speaker 0 00:04 Make it right. The manufacturing podcast. Welcome to the makeup ride podcast. I'm Janet Eastman and this week's show has me thinking about my very first car. It was a bit of a questionable vehicle. I wasn't sure it was always going to start, but growing up in the snowbelt good tires were a must, so the first time I bought tires for that car, I went to the local family run tire shop and they simply installed the brand name tires that fit my car. Some years later when I had to buy tires again, I was surprised that I actually had options on brand and price and ever since then when I've gone to buy tires, my options have been growing. Did you know that there is some 85 different tire brands now with a multitude of sizes and usage options and the competition among brands is stiff. That's what makes today's podcasts so interesting.

Speaker 0 00:59 This is the story of a new startup with a twist. Tire hub is a national tire distributor that provides tire dealers and retailers in the U S with a comprehensive range of tires from two of the world's leading tire companies. Bridgestone and Goodyear launched on July 3rd, 2018. Tire hub has grown to 71 tire logistics centers or as they like to call them, TLCs across the U S to understand how it all came together. I'm pleased to have Peter Gibbons, the CEO of tire hub on make it right. And Peter, you've been on the show before, so I'm delighted to have you on again. You always tell great stories. How are you?

Speaker 1 01:39 I'm very well thank you so much for asking me to come back on the show.

Speaker 0 01:42 Oh, it's my pleasure. And you know, I think the tire hub story is um, a really fascinating growth story. So let's talk a little bit about how this partnership between Bridgestone and Goodyear came about and then we'll, we'll figure out where you came into the picture.

Speaker 1 02:00 Okay, sure. Well, it's a fascinating story and you actually hit the nail on the head and your introduction, the complexity in the tire world has grown enormously in the last 10 or 15 years, whereas it used to be 10 major tire manufacturers making 85% of the world's tires. There's no over 30 you mentioned all the competing brands. Well, you know, eh, that's been driven as well by the number of SKU is the number of products. There's the number of products which are produced to fit any given vehicle has increased and the skew complexity has grown hugely in the last 10 years. And so what you find during all of that, with all of these increased brands, more skews, more complexity, uh, the dealer that you went to to change your tires simply cannot store all the tires, kind of inventory all the tires that you might need.

Speaker 1 02:55 So starting with that, that the dealer things will, where am I going to get my tires from? I can't store everything. I can't stock everything. On top of that, you're a consumer and you want a fast turnaround time. You don't want to arrive at a dealership or the car dealer or the tire dealer and say, I need new tires and then say, come back in a week or 20 days or something. You want service right now. And we're all like that nowadays, aren't we? And so we want things to happen fast and we want to know where the inventory is and how to get it. And that's where good you're on. Bridgestone realized that they needed to have a more effective system of getting their products the last mile to the dealer to make sure that, uh, the product range was available, their entire range is available, that they could have fast service and that consumer is going to, those dealers were going to get looked after and have their immediate needs met with fast on our own tapes and they thought, you know, we can do this through third parties.

Speaker 1 03:51 And they had been doing that for some time and then they realized, you know, we're competing with so many other brands in this distribution system. Why don't we have our own national distribution system? Why don't we have our own last mile distribution system. And they came to that conclusion round about the same time. They both realized that they were one brand in a sea of maybe 30 plus brands and some of these distributors. And they said, well, we've both got kind of sub-scale distribution and the last mile space, if we joined together, uh, we would have a national distribution system and if we made that a joint venture and somewhat independent, you know, we could make s --

-- ure that we have somebody in the market who is ensuring that our premium brands are positioned properly, a champion properly are always available with great service, uh, and able to respond incredibly quickly to consumer and dealer demands. And they decided to form tire hub and make a joint venture. And I was so fortunate to be asked and so privileged to be asked to be the CEO.

Speaker 0 04:57 So tire hub actually launched on July 3rd, 2018 when did you actually come into this story? Because Bridgestone and Goodyear must have been talking about it. When did you get here about this opportunity and what was your first, first thoughts when you heard of it?

Speaker 1 05:11 Well, first of all, when I first heard of it, I was really excited. This is a unique business opportunity. Uh, joint ventures I've tough, but in this case we had to, you know, storied a fantastic conference with great brand pedigrees and great history who are committed to a strategic initiative that they really wanted to work. So this wasn't a joint venture just to try something. This was a solution to a problem that was identified. So the first bit of attraction was that there was a very clear strategic purpose to this business. Uh, it's unique, you know, it's not often you have two fierce competitors deciding to form a joint venture. This kind, it suited a lot of my background. I've run, as you know, lots of operations, manufacturing, logistics, planning, inventory service, you know, around the world and other companies. So I knew a bit about all of this, not the tire industry, but I knew about the mechanics of how to deliver great service. And then the chance to set up something new to start up a new company as the CEO and build the right culture and hire the team and make it a scalable, scalable, functioning, effective company. You know, that doesn't wind in your lap very often. So you know, if when they started talking to them about this, I was immediately excited and very, very keen to come and make this happen.

Speaker 0 06:35 You do like a challenge.

Speaker 1 06:37 Oh yes.

Speaker 0 06:38 Yeah. Yeah. So let's talk a little bit about this. So you've got a brand new company, um, and you've got the, the two people are the two organizations involved. You've got Bridgestone and you've got Goodyear. So presumably there's employees from both sides. There's a real estate firm, both sides, their processes, you have to knit all this together to create what becomes tire hub. So explain how you went about that and what the ultimate structure was.

Speaker 1 07:05 So I arrived in the January and we'll launch it in the July, as you said. I arrived in the jewel and the January where there was essentially a bunch of project teams and some consultants and a lot of it people and uh, vendors, uh, who had been pulled together to help make this happen. And while, you know, significant work had been done, the really hard work of pulling this together between January when I arrived, the announcement in April signing the deal and getting clearance from the, uh, uh, getting, uh, legal clearance and may and then going live in July. So we had, uh, a runway for about five or six months to, to really make this happen. Uh, we built all of the back office systems. We've built out a new B2B Porto, we to design the benefits packages, find a location, build our headquarters, hire a hundred people for the headquarters.

Speaker 1 07:54 It goes on and on. I mean, it was just, it was the most fantastic time, right? It was, it was crazy. Uh, all heading towards that launch date on July the third, and on that date a Goodyear and Bridgestone essentially handed over to tire hub, their last mile physical distribution system, which is essentially opposing people split between the two companies and their, uh, last mile distribution centers and all under inventory of course. And we had to build out the entire infrastructure to take those assets and make this with their help. Of course, a tire hub, LLC and new company, a lot of work, a lot of, a lot of crazy hours, but we had fantastic people that we hired and also fantastic people from the two shareholder companies to work so hard between January and July to get this right. And then on July 3rd, we have a new company.

Speaker 1 08:51 We have a people, we have all these distribution centers, TLCs, as we call them, with a thousand Hubbard. That's what we call our people Hubbard. --

-- And we had all this inventory and with thousands of customers wanting to see what would happen. Because as you can imagine, this is quite a challenge for a thousand people when they have to join, you know, when they're asked to join a joint venture. And then you've got the customers who are on the end of it and the last thing you want to do is let them down because they're looking at this saying, wow, this could be really good, but it's a new company. It's a startup. There's a lot of change. How will this play out?

Speaker 0 09:25 Yeah, so tire hubs answering to a number of different fronts. You've got Goodyear and Bridgestone. Um, you've got your customers, the tire hub, logistics centers, and their customers, the dealers, the retailers, and then ultimately the very end customer, the person who drives the car, who's buying the tires, they have a ton of different options as to, you know, where they can get their tires. How do you keep everyone happy in this picture?

Speaker 1 09:52 Who do you keep people happy? Oh wow. How long has this, how long is the podcast? I think you'd have to ask them first. Did we keep them happy? So we had a few fronts and as we prepared to launch we spent a lot of time on uh, two things in particular. One was how do we create a viable positive culture and tire hub? How do we make this a business that has a smile on its face that embraces customer service? We have a saying that we always want to see. Yes. I seeing yes is big for us and we knew that no matter what we did with the technology and the people, we had to be a service machine. We've got to be an organization that wants to provide fantastic service to our dealers and retailers. And so we invested a lot of time in defining that culture, defining the words that describe it and defining the words that describe Hubbard and the key words we use are approachable, relentless, adventurous, and speedy.

Speaker 1 10:54 You know, if we can find people with those qualities and encourage those qualities, we know we can build a fantastic customer service, attitude and mentality. Then the second place is to, is to really think about what our customers need, what will they, what will make them attracted to us. And that's all about the depth and breadth of the product offering. Some good Unum Bridgestone, that's about fast response. Being able to deliver four times a day within a 20 mile radius, twice a day within 60 miles and once a day beyond that, make that reliable, make it fast, make it friendly. Uh, and then another part of that is making sure products available. You need a great replenishment system with the two shareholders and our other suppliers to make sure the products available at all times. Uh, making sure it works. The B2B portal that we built, the API APIs connectivity we built for bigger customers, you know, all of that needs to be seamless, straight forward. And that customers appreciate though, don't get me wrong, eh, this was not flawless. This is perfect. You know what? Startups are messy. Uh, joint ventures are tough. You've got to have a lot of focus. And, but at the same time, we've been scaling this now for 18 months and, uh, we've made a tremendous amount of progress and we're very proud of where we've got in the last 18 months.

Speaker 0 12:16 <inaudible> like you're at 71 TLCs at this point in time. So what's it like, what has been that pace of growth? Like what were you at when you first started back in July of 2018

Speaker 1 12:28 so when we started, we actually had quite a lot of overlap. So the first thing we to do was remove the overlap between centers that basically were so close to each other that you didn't need both. And, and that took us down to 68 centers. So we started a clean net number was 68. Uh, but since then we have, uh, expanded, uh, four and we've opened four new markets. And that was in 2019. So last year we base opened eight new facilities, four of which were replacements and four were completely new markets. And this year, 2020 where we'll do roughly the same will probably be nine in total expansions and new markets, which is about one every 40 days. So we will find a new facility every 40 days this year.

Speaker 0 13:13 Wow. Wow. Wow. You guys are busy. That's incredible. Um, I think about, you said something really early on, you know, you talked about how the customer, uh, doesn't want to have to wait for their tires and you think about this and --

-- you kind of go, okay, well, you know, tires are tires and it's not like open heart surgery or something. But you know what, if you have a blowout and your vehicle can't go where it needs to go because it doesn't have a tire, you can't have your tire guy say, you're right. It takes 21 days. And I think about the infrastructure that you've built and the fact that you're saying that in some of your locations, you get deliveries to your, to your, your dealers or your retailers four times a day. Like that's astounding.

Speaker 1 13:57 Oh yeah. This is, uh, this is the real thing. I mean, if you go back to the value proposition that we have at the, at the fundamental, uh, starting point of tire hub, it's about expand access to premium brands. That's good human Bridgestone's brands. It's about logistics excellence. It's about creating value for Goodyear and Bridgestone. And it's about really minimizing their reliance on third party distribution. But the heart of all of that is about service, right? If we provide the best service and we have the best technology, the best availability and the best people, uh, we, we will succeed. We'll make it happen. And while it may not be often heart surgery, you're right, it's not that, but you know what it is. It's, it's about ensuring that the dealers in real retailers who rely on us, that their livelihoods, their businesses, uh, they rely on us being able to help them satisfy that customer that calls them or phones them or emails them seeing, I really need you to help me get my tires changed.

Speaker 1 14:59 And at the heart of our kind of culture is understanding that, you know, each one of these, uh, dealers or retailers has a story to tell with their own customers. And when they make a promise to consumer, you know, if, when you phone up Janet and say, I'll be in at two o'clock and they say yes, they're relying on us to not just see yes, but then CES and execute on time and the embarrassment for an and problem for a dealer or retailer where a consumer comes in and they have to see, you know, what, uh, the tires didn't arrive. It's just, it's just a horrible experience. So, you know, deep within our mindset is that for many of our customers, their small private businesses and their livelihood, their reputation, their business model relies on trusting us. So when we let them down, we feel it really badly, right?

Speaker 1 15:52 We really feel about my leadership team. We call each call one customer a week to see how we're doing. And lots of those calls are really positive and great and some of them aren't because they'll tell you stories of where you've maybe not done as well as you should have done. And, and we do that to keep ourselves honest and realizing that these folks rely on us. Uh, consumers rely on them and they rely on us. And whether it's you're going to Costco or you're going to Joe's garage around the corner, you know, there's a different story to tell and we are passionate about that. And while we're absolutely improving and we haven't got those perfect yet, we know we're on, we've got a great mission and vision of where we can be in this industry, uh, to add value for Goodyear. Bridgestone, make customers happy, look after their, make sure that we get the best quality tires on time and fuel every day. And that comes from the energy and passion of our people, our harbors, uh, about our stop because you know, me, I can just go on and on once I get excited about this kind of stuff.

Speaker 0 16:51 Well, but I think the whole point is, is that you're enabling your dealers and your retailers to get the job done for their customer. Those guys are at the front line, right? And they're facing, they're facing that customer. They're the one who has to say, uh, sorry. No, because you guys, if you weren't able to make good on your yes, right. So I think it's, I think that it's incredibly impressive, the customer service stream that goes all the way down, uh, to make sure that those people can say yes so that their customer can walk out the door with their tires on when they said that they were going to get their tires. It's, it's just a, because it doesn't always happen that way. And frankly, I've had it happen to me. So I know what that feels like. Right.

That's

Speaker 1 17:36 one of the reasons why we, uh, we hired 500 drivers last year because we inherited a model for a lot of the deliveries were outsourced to third parties. And part of --

-- that reliability and trust and you know, doing business, a smile as we say, is to ensure that we've got our people making as many of those deliveries as possible. Uh, and it's a very high proportion of, of, of all the deliveries. But we needed to go last year and hire 500 people. And you know, we have something like 800 drivers out there, people picking products and then driving and dealers want to see a face. They recognize they want to see someone they can trust someone who's going to take their comments back, someone who's going to talk to them about, you know, any issues. Uh, cause I, that's another part of making this business work. Do you have people that are passionate about the business and that customers can grow to trust and rely on?

Speaker 0 18:27 How has tire hub actually rethought the supply chain? Like you've talked a little bit about it, but when you sat down and thought about how this all had to come together, like how did you rethink the supply chain? So that tire hub had what it needed?

Speaker 1 18:42 A great question. So there's a lot of investment going on just though and yeah, some of it is, is stuff that many people have done. The question is how well do you do it? So it's based on three things. Making sure that the ordering process is a seamless and efficient as possible, whether that's calling our call center or using our B2B portal or using our API. If you're a larger customer, uh, those three things, you know, they want, we want them to work very well, we want to be efficient, we want to take the friction out of placing an order. Uh, always more to do there. Right? There's always more to do there, but we've invested heavily and we're, we're, we're uh, we're proud of where we've got to. Second part is, is the product available. So we are investing significantly in, you know, demand planning and supply planning.

Speaker 1 19:29 Your more advanced systems and techniques. You have to sense demand to manage promotions to, eh, excuse me, to manage seasonality because we've got to have the product available. You know, the, we have a very broad product range from Gigi and Bridgestone and they find product range with all of the nuances that product range brings. It all needs to be in stock. You know, we've got to be good at keeping every SKU in stock. No, again, hard problem, right? Everyone grapples with that. We've made great progress in the last 18 months, but we want to be the leader in the industry, uh, having fantastic availability of good GM Bridgestone product as well as turning an inventory faster than the industry. Our inventory faster than the industry does. We're really aiming to turn out about twice as fast as, as the industry does normal because that's, that's the right way to do it.

Speaker 1 20:21 And they finally, it's about that, uh, that fleet, you know, having the right routing systems that are like tracking systems, being able to, uh, interface that system with customers so they know when the delivery is going to arrive. The does we have traffic or weather problem, you know, making sure that we're not only efficient but communicating, uh, our availability and our timing and our on time to customers. So that they are trusting and relying on us. So if you think of those three things, you're picking and getting the product to the customer effectively, making sure you've got an inventory and then making sure that ordering process is as seamless as possible. You know, you can always improve those three things. And we are investing heavily in technology across all three

Speaker 0 21:05 and you're not, you're not outsourcing any of this. You're trying not to use any third party pizza party, um, companies, because you want to make sure that the whole idea behind this company, the say yes, that big smile, the deliverable, the deliverability of your product is under your control and everybody is walking the same path.

Speaker 1 21:29 That's essentially true when we do have to use a third party. So for example, on longer range deliveries that once a day beyond the a hundred miles, you know, there are people out there who can do that very well, but they have to be partners that we really trust. You know, the vast majority of our shipments we make ourselves, but we do use a third party. And I would say more, I'd say whether it's a third party, a partner making a delivery or a partner helping us with our demand planning systems, our partner hel --

-- ping us with our new CRM or our new payment system. We choose companies who not only have good technology but they are passionate about what we're trying to do. So if when we do the, you know, the RFT and interviews and discussions, we are looking for people who truly want to partner with us. And when they do, we are very open about what we're doing, the pace we're doing it at, how they can help us. Because if you have trusted partners for the making our final delivery or whether helping you design new it as solutions and they're, they're interested in curious about your business, they tend to do an awful lot better and give you a lot more.

Speaker 0 22:33 Hmm. So it's been 18 months now, um, since tire hub launched, where do you go next?

Speaker 1 22:40 We just keep growing. I mean, it's the same straightforward agenda is making sure that Bridgestone and Goodyear products that available, you know, providing great service. Looking after our Hubbard, I mean the culture of this is a huge part of it. You know, to grow a business, you need positive energy. That's what fuels growth, right? Having people enthusiastic, passionate about what we're doing. And that comes from having a great culture, wanting them to come. They want to come to work, they want to support us. And we've got, we've had some amazing experiences in the last 18 months of people going above and beyond. Our Hubbards are about, I'm getting too excited again. They're just, they're just amazing, right? We have people who, you know, we'll, we'll find out on Monday morning that someone stayed, you know, Alfredo Nate, cause they came up with a new way of helping a particular customer get product or get an order of place or do something different. Uh, you know, we've got so many stories of people going above and beyond, whether it was to deliver a product themselves over there to go help a customer out with a problem that they had with their accountant or somewhere or Hubbard just helping each other out. Personally, we are trying to create a place where people feel it's a better place to work and that that commitment and purpose then gets turned into the positive energy that fuels our growth.

Speaker 0 23:55 I wanted to ask you what, what this ride has been like so far for you, but Peter, I think I know the answer. You're having a great time, aren't you?

Speaker 1 24:02 Oh, it's been a walk in the park. No, no, no, no.

Speaker 1 24:06 We love it here. Right? And we're not perfect. We're absolutely not perfect, right? We've got so much we can do to improve, but it's not often. And if I was even given a chance to create something new like this and relate to describe it, that it's got the energy for start up. It's got the complexity of a joint venture and we need the focus of a PE company. And there are people, you know, when people in hovers join us and they have the kind of mindset that can embrace those three things because startups can be messy, right? Uh, the positive energy joint ventures are complicated, right? I mean, there's all kinds of complexity to a joint venture. They've got to have that focus because our job is to grow and make sure we deliver the strategic, uh, purpose that Goodyear Bridgestone envisioned. Uh, and that's it. That's a lot to do, but it's, it's, it's a lot of fun and it's hard work, but it's a lot of fun.

Speaker 0 24:59 Peter, it's always a pleasure to talk to you. I wish you continued success with tire hub and uh, I hope you'll keep us posted on how things are going there.

Speaker 1 25:08 You bet. Also places to talk to you. Thanks for your time and thanks for the opportunity to tell people a little bit about our company.

Speaker 0 25:15 Peter Gibbons is the CEO of tire hub and a business and supply chain executive who spent more than 40 years in manufacturing and logistics with global brands. That's our show this week. Please check out our Twitter and LinkedIn feeds and subscribe and share this podcast with your friends and colleagues through iTunes, Google play, Stitcher, Spotify on YouTube and make it right. Podcast is brought to you by Kevin Snoop, leadership advisor and author of the bestselling book. Make it right. Five steps to align your manufacturing business from the front line to the bottom line. Until next time, I'm Janet <inaudible>. Thanks for listening to the makeup rife podcast.

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