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Leadership in a Time of Crisis



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What is your focus as a CEO, as a leader?

Building solidarity and trust between employees and top management. I'm equally focused on how we can guarantee safety to our people by changing the way we carry out various aspects of our business, like how we distill and produce, or how we deliver our products.

Solidarity is related to how management works for people, and frequent communication.

I am focused on how we can keep connected despite limited face-to-face communication. We used to conduct many physical town hall meetings, but now we do virtual meetings, by utilizing tools such as Zoom and Teams, and more frequently. We are open to listen to any kind of claim or request from all employees including in production, supply chain and logistics. If there is anything we need to fix, or policies we need to add to ensure safety, we take action.

The third aspect is job security. We have 40,000 employees, and many are afraid for their jobs. I told all the CEOs of the group companies to keep everyone in their jobs. That's the most important thing, along with physical safety.

Japan and East Asia is often seen as a face-to-face communication culture. Do you think this will have longer-lasting impacts in terms of how you and Suntory as a company communicate?

I think the new normal will be somewhere in between. Working from home will continue to be a big trend. We can pursue more reform in terms of how to work. I'm wondering what is best in terms of the frequency of face-to-face communication. I don't know yet. But I'm sure more work from home will be instituted.

What has been hardest, on both a business and a personal level?

Stress and anxiety. People are not familiar with sheltering in place. We have to encourage each other. A week is fine, but for more than a month, mental care is probably needed. We can guide our people on how they can learn from people who are managing their mental stress. It is a task for global HR.

People are worried about the future of society. At first some people thought this outbreak would end, but nowadays the vast majority think this huge-scale outbreak will not be leaving us completely any time soon. So, society has to cope with a life with coronavirus, along with the stress. That's quite possibly a new normal we have to think about.

You have thousands of employees around the world. How do you make them feel safe, as individuals, yet keep them motivated and keep your business running?

Safety always is the biggest concern. What we are facing is invisible. Lack of noticeable symptoms is the biggest danger. There was so much concern shared with us by our workers at the factories. Their families were so worried about safety. We have implemented measures to alleviate those concerns as much as possible. For example, since many people in Japan use public transportation to commute, we announced that the company would cover any costs for the use of taxis or other transportation means used to get to work to avoid exposure to a large number of strangers.

Suntory has supported public health efforts and announced April 15 that it will be converting some of its production facilities from whiskey and other spirits to producing alcohol that can be used for hand sanitizers. What went into this change?

Producing hand sanitizers is a global initiative. We had already been producing hand sanitizers in our facilities in the U.S. and Europe, but it was a huge challenge in Japan, due to strict regulations.

It is also a trade-off for us, because a lot of people are drinking now at home. This has been an opportunity for Suntory, with our low-alcohol beverages in a can, which have been so popular.

So that is the dilemma we faced at that time, to shift production capabilities from [alcoholic beverage] products to hand sanitizers. The decision would negatively impact our business, and we had to convince our customers, asking them to understand our decision to donate sanitizer to the government and hospitals instead of delivering our products to them.

As to the restrictions, we spoke with the Ministry of Economy, Trade and Industry about what to do about lifting them. They appreciated our proposal and worked with us. Eventually all regulations were lifted so that we could produce sanitizer. So within a few days we will start to produce sanitizer to deliver to hospitals and some places where the government wants us to deliver.

Has there been any silver lining to this crisis?

The expansion of tools like Zoom and Teams. Such tools and more work from home creates higher productivity. That's a good finding.

Plus, e-commerce and digital marketing is flourishing. This presents an opportunity for Suntory, as we have the advantage of being far ahead of our competitors in this area. On the other hand, our corporate organization has been conventional in the way of thinking and working, not fully appreciating digital tools and marketing. After COVID-19, the company culture all of a sudden started to change to fit the market trend, the consumer trend. That's quite rewarding.

What is the expected long-term impact on Suntory?

The new normal doesn't need as much travel and face-to-face contact. People will stay engaged with their customers and clients, but we don't need that frequent face-to-face contact. We can manage by virtual communication. Even our clients may prefer it.

Less luxury, less watching movies in theaters, more work from home, more e-commerce and digital marketing. This will impact us. There will be fewer opportunities to engage consumers with our brands on-premise, so we have to change our strategy and shift our resources, such as to digital marketing.

One challenge is to figure out how to reallocate our people. Before, our salesforce regularly engaged with our clients face-to-face. That business model will be changed. How we can move those people to new assignments, and how we can retrain those people, will be a crucial issue to address quickly.

Is there anything you would have done differently with the benefit of hindsight, or that you'll do differently going forward?

I would have invested more in digital devices and less in staff-related business operations. I started a BPR [business process re-engineering] strategic initiative, which has been a challenge because Japanese management traditionally doesn't like BPR. It is mostly focused on digital transformation to increase the productivity of staff functions. I would have started this much earlier. Now is the time we can find what's needed and what's not needed. I don't want to miss this opportunity.

Interviewed April 16, 2020 by Mark Clifford, Jill Baker, and Colleen Howe