

“Answering to a Board of One”

On Tuesday, October 9th, those at BELIEVES were in for a treat, as all had the chance to be a part of a very intimate and in-depth roundtable chat with Alex Gregory, former Chairman and CEO of YKK Corporation of America, about “Answering to a Board of ‘One.’”



“In June 1973, I came out of the Navy and was a textile engineer looking for a job,” Gregory shared early on as he told a bit of his background. “On September 10, 1973, I began my career with YKK, the first Japanese company in Georgia. Now there are 600 or so Japanese companies – thanks in large part to Jimmy Carter’s efforts.”

Gregory’s career with YKK continued, including through 2000 as YKK grew rapidly. Then in 2001, the recession hit.

“The world changed and our sales plans faltered,” he said.

Gregory took over YKK Corporation of America in January 2002 – the first American, non-Japanese to get that honor. YKK, which has facilities in Macon and Dublin, didn’t recover right away, and sales continued to drop.

“We were losing about 50 cents on every dollar of sales,” Gregory said. “We had too many companies within YKK’s North and Central America region.”

In general, what happened over time is the supply chain for YKK’s customers shifted more and more outside the USA. According to Gregory and confirmed by Fernando Silva, now 98% of apparel sold in the U.S. is imported.

To combat all these changes and pressure, one thing YKK did was shift from “selling” zippers to forming industry groups, like automotive.

“Automotive has grown to be among the Top 2 categories for YKK in our region along with jeans,” Gregory told all who were present.

Additionally, in 2004, Gregory stood in front of all the employees in Macon to explain what was going on to turn YKK Corporation of America around, as he launched the Competitive YKK USA Initiative.

“I told our 1000 employees in small groups that we were going to cut salaries – including mine – as well as make changes in benefits and other things,” said Gregory. “Two employees complained about changes, but many others said, ‘Alex, do what you need to do to save my job.’”

He added, “It’s taken until recently to be able to tell that story without becoming emotional.”

One other thing Gregory had the company focus more on through the turnaround was innovative product development.

“In 2008-2009, when the next recession hit, revenue was severely impacted, but profit was much more stable as a result of lessons we learned in 2001 and 2002,” Gregory stated.

Beyond very specific strategic and tactical business decisions like those mentioned above, what YKK also did was committed to stick with its philosophical mission.

What that looks like in context of “Answering to a ‘Board of One’” is perhaps best articulated by what Gregory shared about YKK’s “Cycle of Goodness” and Tad Yoshida, the son of YKK’s founder, who now runs the company and carries its same philosophy.



CYCLE OF GOODNESS™

“No one prospers without rendering benefit to others.”

“The ‘Cycle of Goodness’ is global throughout YKK,” said Gregory. “Tad Yoshida would say, ‘Our mission is not maximizing profit, but rather to implement the Cycle of Goodness.’”

A few years back, a key member of Gregory’s team, Jessica Cork, came to Gregory and said she had concerns with YKK’s statement of philosophy.

“She was right,” Gregory said. “Our mission statement said ‘No one prospers unless he renders benefit to others.’ We needed to change it, and she recommend we change it to ‘No one prospers without rendering benefit to others.’”

Two weeks later, Gregory had a private meeting in Japan with Tad Yoshida, so he brought up Cork’s suggested change about the philosophy statement.

“My hope was he would just agree to consider the change. Instead, he agreed totally – and the change was made on the spot,” said Gregory.

Gregory said seeing how Tad Yoshida made this decision on the spot with the conviction that it was the right thing to do – and then rolled out the change globally in the weeks that followed – has always stuck with him.

Underpinning YKK’s Cycle of Goodness are its three Core Values:

- “DO NOT FEAR FAILURE, EXPERIENCE BUILDS SUCCESS. CREATE OPPORTUNITIES FOR EMPLOYEES.”
- “INSIST ON QUALITY IN EVERYTHING.”
- “BUILD TRUST, TRANSPARENCY, AND RESPECT.”



In addition to the Cycle of Goodness and the Core Values, Gregory shared that he heard a speaker, David Friedman, propose that senior leaders need to come up with fundamental behaviors they want to see in employees.

“In 2017, we came up with 37 Fundamental Behaviors for YKK North and Central America’s companies, which we quickly reduced to 25. Every week we discuss one Fundamental Behavior throughout the region, and during that week, the Fundamental Behavior is discussed in every meeting at YKK, so we have two cycles of the behaviors each year.”

Having now cycled through the core behaviors three times over the course of 1-2 years, Gregory said it is clear that the employees are more engaged and comfortable sharing what each Fundamental Behavior means to them.

“In February 2017, I asked our leadership team to trust me and to move forward with the Fundamental Behavior initiative,” said Gregory. “I wanted to launch the Fundamental Behaviors as our special initiative, so I did not ask for permission from headquarters in Japan. Then in April 2017, I presented the behaviors to YKK leadership in Japan. Four days later Jessica and I were invited to participate in a symposium about YKK’s philosophy that was held in Kurobe, Japan, in July of 2017. The following day, videos were made of Jessica and me discussing the Fundamental Behaviors, in anticipation of a global launch. So we are very proud of our decision to move forward.”

Gregory also stated that Friedman had emphasized that the best way to develop the behaviors was simply to begin listing desired behaviors rather than to try to link the behaviors initially to philosophy and core values.

Friedman assured Gregory – and he was correct – that all the behaviors would be consistent with the company’s philosophy and core values.

What’s one way to demonstrate the company’s commitment to the behaviors? Fire someone.

“While it sounds extremely negative, David’s point was that it reinforces the company’s commitment if we do not tolerate egregious actions by a senior manager or salesperson, for example,” Gregory said. “Having the fundamental behaviors made our actions clearer.”

How did Gregory and the YKK team reach clarity on the 25 core behaviors they have, especially after having first landed on 37?

“David Friedman was instrumental,” he stated. “He helped us to focus on a more manageable number in order to assist our employees in their daily decision making.”

What does that look like practically on a day-to-day basis?

Gregory mentioned, “We used to have employees say ‘I used to walk down the hall, see paper on the floor, and do nothing. Now I can’t do that anymore, because ‘Do the right thing always’ pops into my brain.’”

Gregory further added that each Monday the employees received a message from him (and now from other leaders) about that week’s Fundamental Behavior.

“I enjoyed writing the weekly messages, and I always waited until I was inspired in some way to share what that week’s behavior meant to me. For example, my mother is 99 and I spend most weekends with her. When the behavior for the upcoming week was ‘Provide Meaningful Appreciation,’ I decided to write about how much I appreciated the role my mother continues to play in my life. Several employees became emotional as they told me how important that week’s message was for them.”

Fernando Silva, CTK parishioner and member of YKK’s Advisory Committee, then asked Gregory how the fundamental behaviors got implemented at a corporate level once they were identified to achieve overall compliance.

“We created a YKK Corporation of America Board of Directors Compliance Committee, which includes an Environmental Committee, Safety Committee, and Code of Conduct Committees as well as a report from the company’s internal auditor,” replied Gregory. “The committees and the internal auditor perform diligent self-audits.”

“Our internal auditor, for example, had made recommendations to some subsidiary companies on things to change that weren’t done,” Gregory said. “I told the internal auditor, ‘OK, now you’ll be on the Compliance Committee, and we’ll direct the companies to implement your recommendations.’”



Jim Boyle, an Atlanta-based manufacturing executive and leader, then asked, “You mention storytelling. It’s powerful. Is this the message you teach?”

“Yes, it’s the most effective way to get a message across,” Gregory responded. “Communication is the most difficult thing, I think, for most corporations.”

As Gregory navigated all of these changes and circumstances in his career, what was his spiritual journey like throughout it all?

“I have gone through cycles in my life. I don’t have the faith that I once did, so I consider myself to be more spiritual than religious,” Gregory shared. “I have conversations with God daily, though. I have been a rebel at different times in my life. In high school, for example, I had been working in a cotton mill and I only applied to one college, Georgia Tech, where I hoped to learn how to become a better cotton mill worker. One thing I rebelled against in high school was religion. The organized side of religion and the hypocrisy I observed are what I rebelled against. But I definitely need a God to whom I can show my sincere appreciation. There are so many things for which I am so thankful. We’re fortunate at YKK to be mission-oriented. The Cycle of Goodness, like The Golden Rule, is what Christ would do.”

Susan O’Dwyer, Director of Corporate Citizenship and Community Relations at Aprio, then brought the conversation back to YKK’s Fundamental Behaviors.

“Have you incorporated the 25 Fundamental Behaviors with customers?” O’Dwyer asked.

“Yes, hopefully they are discussed in all our meetings with customer,” said Gregory. “Even something simple like ‘clarifying expectations’ is impactful.”

Gregory recalled one anecdote in particular that he wanted to retell involving two YKK engineers and the “listen to understand” fundamental behavior.

“One time, there was an outside person who was with two YKK engineers in the car driving to our headquarters in Macon,” stated Gregory. “During the drive, one engineer asked if they could all take a moment to talk about ‘listen to understand,’ so they did. When they got to YKK’s headquarters in Macon, the VP who was leading the meeting they were all to be a part of opened the meeting by saying that to start they were going to talk about ‘listen to understand.’ The outside person said, ‘You all really do take this process seriously!’”

When hearing this anecdote from Gregory, CTK Parishioner Steven Kraus said, “This is very impressive, especially since it comes from the middle level.”

Kraus then inquired about how this level of employee engagement originated at the company.

“When we launched the Macon factory back in 1974, the company seemed always to be the top priority – even coming before the employees,” Gregory commented. “This led to a union. Three years later, our employees throughout North America decertified their unions because we showed, primarily through a much strong HR team, that we truly cared for our employees. We say that in every decision we make, we consider the decision’s impact on our employees, our customers, and the communities in which we live and work.”

When Gregory became president, he said he would go to meetings in different YKK companies in his region and look to see where two people sat – the HR leader and the Finance leader.

“I wanted to see the HR person standing up for people, and being willing to share any bad news,” he stated firmly. “HR is the voice of the employee. They’re not doing their job if they’re not an advocate. I also wanted the Finance Leader to be actively involved in every discussion. It’s also important as leaders to welcome bad news. The look on our face in that moment dictates if someone will bring bad news to us ever again. It’s an opportunity to improve our company.”

Though the collective discussion with Gregory was very engaging for all, the end of the session began drawing to a close with time for just two more questions.

“How do you innovate – especially with the tension between profit and the core of the values?” asked Eric Maust, a business banker at JP Morgan.

“We actually measure our level of innovation,” said Gregory. “Of total revenue, we measure how much is from products created in the last 3-5 years. Tad Yoshida said someone once asked him, ‘Do you think anything will ever replace the zipper.’ Yoshida answered, ‘Probably. I just hope we invent it.’”

Gregory also added that 3D Printing has changed things.

Lowrie McCown, former Associate Headmaster at King’s Ridge Christian School, then asked the final question.

“You grew up locally. Can you put into 1-2 characteristics what makes ‘leading globally’ possible?”

Gregory’s response – cultural sensitivity is key.

“You can speak languages without cultural sensitivity and be a bull in a china shop.”

Gregory also agreed with one of the attendees comments that humility and curiosity are also keys.

