

## Contributing to a sustainable society by building businesses of long standing based on the *shinise* spirit

Based on the YKK Philosophy, the "Cycle of Goodness", the YKK Group aims to contribute to a sustainable society through its core business. In this feature, we invited Mr. Takeshi Fukuzawa, who is highly knowledgeable about the wisdom of *shinise* companies (established and long standing companies), to talk with our director, Tadahiro Yoshida, about the importance of corporate principles.



**Takeshi Fukuzawa**

Honorary Adviser, Mitsubishi Estate Co., Ltd.  
Chairman, Spirit of SHINISE

**Tadahiro Yoshida**

Director, YKK Corporation  
Director, YKK AP Inc.

**Takeshi Fukuzawa:** Born 1932 in Tokyo. Graduated from Keio University Faculty of Law in 1961 and joined Mitsubishi Estate Co., Ltd. in the same year. After serving in such position as Leasing & Rental Department Director, Mr. Fukuzawa was named President in 1994, Chairman of the Board in 2001, Adviser in 2007, and Honorary Adviser in 2015, a position he still holds.

He has been President of The Council for Area Development and Management of Otemachi, Marunouchi, and Yurakucho and Executive Committee Chairman of the La Folle Journée au JAPON.

In his book "Dokuritsu Jison wo Ikite" (Keio University Press), he told of his 12-year battle with and ultimate victory over severe tuberculosis, the challenges he undertook as President of Mitsubishi Estate during the reconstruction of the Marunouchi area, and his great-grandfather, Yukichi Fukuzawa.

**Tadahiro Yoshida:** Born in 1947 in Toyama Prefecture, Japan, Yoshida graduated from the Keio University Faculty of Law. In 1972, after graduating from the Kellogg School of Management at Northwestern University in the United States, he joined YKK Corporation (formerly known as Yoshida Kogyo K.K.). In 1990, Mr. Yoshida became president of YKK AP Inc. In 1993, he became president of YKK Corporation. In 2011, Mr. Yoshida became chairman and CEO of YKK Corporation and YKK AP Inc. Since 2018, he has been a director of YKK Corporation and YKK AP Inc.

### The *Shinise* Spirit Builds Standing Companies



**Yoshida:** Thank you very much for taking time out of your busy schedule for us today.

**Fukuzawa:** It is an honor to be invited. Recently, we've had more opportunities to see each other thanks to "the Spirit of SHINISE meetings."

**Yoshida:** Yes, we have. I always look forward to seeing you there. While we're on the topic, would you like to tell us about "the Spirit of

SHINISE meetings?"

**Fukuzawa:** Of course. It is a gathering that focuses on learning about and preserving the spirit and philosophy of *shinise* (established and long standing companies). We study the nature of what we call the *shinise* spirit. By this, I mean management that considers a company to be a public institution of society and pursues enduring, sound, long-term prosperity. We add new definitions to the proven, traditional values of this kind of *shinise* spirit, and our activities are guided by the idea of making it part of the social capital in the 22nd and 23rd centuries. Essentially, we are an association inspired by a philosophy of building established and long standing companies based on a traditional *shinise* spirit. Our goal is to define and implement this philosophy through various means. Our members—be they publicly listed companies, unlisted companies, owner companies or non-owner companies, companies run by their founders or otherwise, companies with a long history or new companies,

large or mid-sized companies—are united by a belief in the traditional *shinise* spirit.

**Yoshida:** YKK joined in 2011, and we have had wonderful opportunities to learn directly from company leaders about the corporate spirit, philosophy, principles, and makeup of many prominent companies. Truly, I learn a great deal at every meeting.

**Fukuzawa:** I'm happy to hear that. Over time, I've also learned from many examples of *shinise* spirit, and in particular what these companies have in common. In every case, the companies have a tradition of being very cognizant of the importance of its customers and the fact that they are part of society. As well, every company has continued to nurture this spirit and knowledge over a long period of time. Of course, there is a multitude of different corporate styles, but all of the companies we look at begin with a deep commitment to sincerely dealing with society and customers, their employees, and building relationships of real trust. In addition, they are characterized by a well-reasoned approach based on a long-term vision to implement such thinking in their business dealings. I believe this is because they are guided by a philosophy that values business continuity over short-term profits.

**Yoshida:** I agree. The companies are also alike in that they tie that wisdom to a vision of sustainable management, and develop modern approaches to business. Just as you point out, I believe that business continuity is the key point. Ultimately, when you look at business continuity and consider the broader picture, you see the connections with people's lives and society at large.

## The "Cycle of Goodness" as Practical Philosophy

**Fukuzawa:** The YKK corporate philosophy, the "Cycle of Goodness," is based on the same kind of thinking, isn't it?

**Yoshida:** Yes. Tadao Yoshida, the founder of YKK, said that companies are important members of society and that they only exist in the context of society. He believed that the way to mutual prosperity was for companies to make the sharing of benefits their main focus, and thus have their value recognized by society at large. His idea was that companies should, in the course of their business activities, strive to come up with inventions and original ideas and constantly create new value, thereby developing their business and contributing to society by helping clients and business partners prosper. He called this the "Cycle of Goodness," and based all his business activities on it. We've inherited the idea and made it the YKK philosophy.

**Fukuzawa:** I see.

**Yoshida:** Furthermore, the "Cycle of Goodness" is less a logically constructed system than a philosophy born of actual practice that has emerged from tough fights over quality, cost, and overseas markets. When facing issues—not just the ones in front of us, but the big-picture problems as well—this philosophy helps us face and overcome challenges, with courage and without fear of failure. In this way, the "Cycle of Goodness" is like a spiritual framework and foundation that shows vividly throughout the history of every YKK business.

**Fukuzawa:** It's a very compelling idea.

**Yoshida:** Thank you. We believe that the goal of our corporate activities is to help build a better society through our core business. This perspective is particularly important when you think about business from a long-term point of view. In our case, we arrived at this position not by creating a series of theories; rather, we came to our philosophy through the lessons of experience.

**Fukuzawa:** I see. So it's a philosophy born of actual practice, arrived at by resolving various difficulties and challenges.

**Yoshida:** That's right.

## The physical eventually disappears, but ideas are eternal

**Yoshida:** By the way, when did you start to become interested in the *shinise* spirit?

**Fukuzawa:** It began with the collapse of Lehman Brothers. That one incident dealt a massive blow to the world economy. It upset me to learn that the myopic pursuit of profit, to the exclusion of everything else, had become so prevalent in the world.

**Yoshida:** I also remember feeling very uncomfortable. When I looked at the series of events leading to the Lehman collapse, I was left wondering where market economics were heading. It was clear that something operating on a stage different from actual industry could have an impact on the economy, but I couldn't see how that was a positive for society.

**Fukuzawa:** It was a money game divorced from real economic activity, played out all over the world. Of course, it is important for companies to take financial risks, and I'm not saying they shouldn't. But, that risk-taking must never become the goal in and of itself. This conviction became stronger as I witnessed the resulting economic downturn. It was during this time that an acquaintance of mine approached me and asked if I would be interested in studying Japanese companies of long standing, or *shinise*. As we talked, he said that he had deep misgivings about recent trends. Living in such times is reason enough to study the spirit and philosophy of those established and long standing companies.

**Yoshida:** I agree. You said before that the traditional *shinise* companies prioritize co-existence with society, rather than the reckless pursuit of immediate profit. I very much agree with that. At the same time, you've also said that for such companies to build up their long history, they must be constantly engaged in creation and destruction.

**Fukuzawa:** That's right. For example, a company that tries to zealously preserve its profit structure, organizational plans, or other facets of its makeup, will be unable to carve out a long history. In this sense, established and long standing companies are organizations that can constantly renew themselves by repeatedly engaging in creation and destruction. What such companies preserve is their spirit, the philosophy that guides them. Thus, the non-physical, spiritual nature becomes the focus.

**Yoshida:** I agree. Our founder Tadao Yoshida also once said that the physical eventually disappears, but ideas are eternal. What's important is to transform yourself and constantly create new value that meets the needs of the era. Sometimes, it becomes necessary to make drastic changes for the future. In such cases, you need firm footing. This is what a corporate spirit provides, and this is why the spirit must be preserved and passed on.

**Fukuzawa:** Indeed. If you don't have something real at the core that needs preserving, you cannot maintain a cycle of thorough creation and destruction. In other words, philosophy, spirit, and management principles are the center of all business activities. We have to constantly remind ourselves of this. At the same time, we must not forget that a company is a public institution of society. Sustainable management begins with making the company beloved by a wide range of stakeholders, and making it necessary to society.

**Yoshida:** I have learned a lot today. I'm definitely going to apply these lessons. Although YKK is a business-to-business company, I will continue to remind myself that beyond our corporate customers are end-users and society at large. As a manufacturing company, I want us to keep striving to use technology to create new social value. Thank you very much for sharing your valuable insights with me today.

