

## Executive Dialogue



# Contributing to a sustainable society, based on the “Cycle of Goodness” Purpose

Based on the YKK Philosophy, the “Cycle of Goodness,” YKK aims to contribute to a sustainable society through its core business. As Purpose-driven management draws increasing attention, we invited Mr. Takashi Nawa for a discussion with Masayuki Sarumaru, YKK Chairman of the Board, about the importance of “Kokorozashi (Aspiration),” the Japanese term Mr. Nawa uses for “Purpose”. Mr. Nawa is a visiting professor at the Hitotsubashi University Business School and an advocate of a management style he calls “Purposism”.

### Takashi Nawa

Visiting Professor, Hitotsubashi ICS

Graduated in 1980 from the Faculty of Law, The University of Tokyo, and joined Mitsubishi Corporation. After obtaining an MBA from Harvard Business School in 1990, he worked at McKinsey & Company for about two decades, consulting as a Director. He has worked on growth strategy, structural reform, and other projects in Japan, Asia, the U.S. and elsewhere, in a wide range of industries. From 2011 to 2016, he served as a Senior Advisor for Boston Consulting Group. Since 2014, he has organized the CSV Forum, which brings together next-generation leaders from nearly 30 major Japanese companies. He became a specially appointed professor at the Hitotsubashi University School of International Corporate Strategy in 2010, and appointed to his current position in 2018. His main publications include “Familiarity Advantage,” “CSV Management,” “Textbook of Corporate Transformation,” “Management Transformation,” “Purpose-driven Management” and “Schumpeter.”

### Masayuki Sarumaru

Chairman, YKK Corporation  
Director, YKK AP Inc.

Born in 1951. Graduated from Sophia University. Joined YKK Corporation in 1975. After several positions, including at YKK (U.S.A.) Inc. and as head of the Fastening Products Group Fastening Business Global Marketing Group, Mr. Sarumaru was named YKK Senior Vice President and Fastening Products Group Director in 2007. In 2008, became YKK Director and Executive Vice President, Fastening Products Group Director. In 2011, became YKK President and Representative Director. In 2017, named YKK Vice Chairman of the Board. In 2018, became YKK Chairman of the Board (current) and in 2020 YKK AP Director (current).

## Purpose at the center of management

**Sarumaru** Today, I hope to hear your thoughts on how companies should be, based on their management principles. In your book *Purposism beyond Capitalism*, you point to the importance of “Aspiration (Kokorozashi),” or purpose, and state that an era of “Purposism” will follow capitalism. First, could you tell me more about the thinking behind “Purposism”?

**Nawa** First, the premise is that conventional capitalism has been based on financial assets. This is the “money” of the three main elements of production, “people, goods, and money”. However, money in and of itself does not generate any value. Furthermore, if business is undertaken exclusively according to the logic of capital, corporate activities become selfish and entirely profit-centered. So, what is the most important of the three pillars—people, goods, or money? Without question, it is people. This is because people are at the core of value creation. Moreover, I believe that this is driven not by a desire for one’s own gain, but belief in wanting to do something that is of value to others; in other words, “Purpose”. Currently, Purpose-driven management is attracting attention around the world, and I have decided to use the Japanese word for “Aspiration (Kokorozashi)” in the same sense as this, because I hope that it manifests as a strong drive or desire that comes from within. This is why I’m calling the future of capitalism, which has this “Aspiration (Kokorozashi)” at its core, *shihon-shugi*, or “Purposism” in English.

**Sarumaru** So in corporate management as well, we have to make Purpose, or will, central, and practice “Purposism-driven,” right?

**Nawa** That’s correct. The important thing is to put “Aspiration (Kokorozashi),” the sense of Purpose that lights people’s hearts, at the center of management. In this respect, I have been interested in your company’s philosophy of the “Cycle of Goodness” for some time now. This is because management centered on people is just like the “Cycle of Goodness”. Your “Cycle of Goodness” paints a dynamic picture of how the *sampo yoshi* (“good for everyone”) thinking circulates in society at large. As a “Purposism-driven” company, I hope that you will continue to spread the idea of purpose to all corners of the world.

**Sarumaru** I’m very happy to hear you say that. At the core of the “Cycle of Goodness” is the idea that “no one prospers without rendering benefit to others”. As an important member of society, our company cannot prosper if society does not prosper. Especially from a manufacturing point of view, it is important that we improve technology, build better products, and provide new value to society. In doing so, we contribute to the prosperity of a wide range of stakeholders, a prosperity which will eventually spread to society as a whole. Then finally, that prosperity will circle round and come back to us. This is the basic thinking behind the “Cycle of Goodness”. Coexistence and co-prosperity, you can say. In order to put all of this into practice, we must have the assured technological capabilities to deliver value to society. The idea that expresses itself in this pursuit of technology and value is connected to the mid-term management vision of “Technology Oriented Value Creation” from our Mid-term Management Plan.

## Affinity between the “Cycle of Goodness” and sustainability

**Sarumaru** There is another important side to the “Cycle of Goodness”. This is the fact that the “Cycle of Goodness” is a pragmatic philosophy that grew out of daily business activities. I believe that it is precisely because this philosophy has been honed over time by taking on such endeavors as the pursuit of quality and cost and entering overseas markets that it resonates in the hearts of employees at the worksites.

**Nawa** I think the fact that your “Cycle of Goodness” is a pragmatic philosophy that has been honed through business activities is the reason your company has successfully internalized Purpose. I think that this “Cycle of Goodness” is also connected to the recent social demand for sustainability. What do you think?



The important thing is to put the will that lights people's hearts at the center of management.

———— Takashi Nawa

**Sarumaru** As you say, there is a natural connection. I believe that the "Cycle of Goodness" is a way of thinking that is exceedingly compatible with the idea of sustainability. We return to the point where we started, think about what we should do for the natural environment and society at large, and earnestly put this into practice via Technology Oriented Value

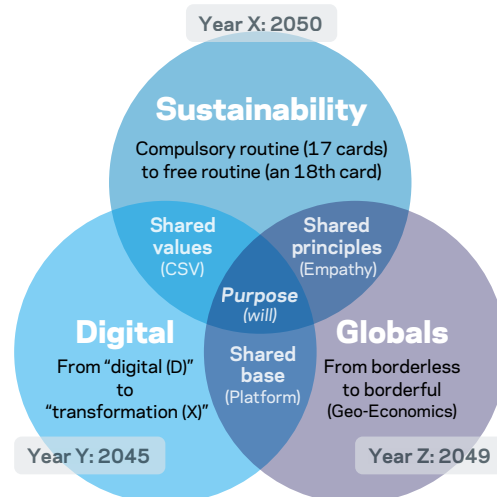
Creation. Our strength is that we can engage in such experiments naturally, and I believe that we will continue to do so into the future. As well, our YKK Sustainability Vision 2050 was created based on this kind of thinking, and it shows how YKK can achieve its goal of being a company that serves the social good.

## Facing future challenges through New SDGs

**Sarumaru** We are working on SDGs, but you have advocated your own "New SDGs". Could you explain your thinking behind them?

**Nawa** First of all, I think of the existing conventional SDGs as something like the compulsory routines in gymnastics. It is a given that the athlete can perform such routines as specified, but doing so does not guarantee a place on the podium. So here I believe we should attempt the challenge of free routines that capture the imagination of customers, society, and employees; namely, "New SDGs" that give us a much higher vantage point than the current SDGs. In the New SDGs, the "S" stands for sustainability, meaning a shift from "compulsory" to "free". Instead of "Development," the "D" stands for "Digital"; specifically digital transformation, or "DX" for short. This DX is often placed in the spotlight, but digital technology itself is only a means to an end. However much of the technology you use, it does not transform management on its own. Specifically, I believe the "X," or "transformation," not the "D," should be the main focus for management. Finally, the "G" stands for "Globals," in the plural. Taking as a premise the idea of "borderful," in which the existence of national boundaries is a given, rather than "borderless," I believe that the multifaceted perspectives of multiple worlds hold the key to steering global management. Thus, "Sustainability + Digital + Globals" constitutes the New SDGs. Furthermore, at the core of this thinking is Purpose, or Aspiration (Kokorozashi).

### ▶ New SDGs: From Capitalism to Purposism



Source: Takashi Nawa (Nikkei Economics Classroom; May 13, 2020)

**Sarumaru** The "free routine" that you mentioned is an exact example of Purpose, and represents what a company strives to be.

**Nawa** That's right. Here too, the existence of Purpose is extremely important. It is clear to me that Purpose (internal origin) is more important than Mission (external origin), but recently I have been thinking further about this, and concluded that in order to envision the future, Principles are even more important than Purpose. Principles are fundamental.

I want to continue to pursue, together with our employees, corporate activities that contribute to a sustainable society, based on the "Cycle of Goodness".

———— Masayuki Sarumaru



The "Cycle of Goodness" is a Purpose, but when you make it fundamental to your thinking, I believe

that it also becomes a Principle that can guide your decision-making.

## A strong feeling that comes from the heart

**Sarumaru** What else do you think is important for management?

**Nawa** The economist Schumpeter\* spent his life studying the essence of innovation, and I believe that business people in today's world have a lot to learn from what he wrote. These days, innovation is a requirement in every industry, but the fact is, innovation does not begin by just proposing somewhat interesting ideas. What is important is implementing and scaling a business in society based on the thought, "How do I want to change society?" At the same time, if a Purpose pursued by a company cannot be implemented in society, its true value will never emerge. I believe that innovation is truly an integrated art form.

**Sarumaru** Implementing a business in society is what makes it have Purpose. The zippers we manufacture are very simple, consisting of three parts: tapes, elements, and sliders. But even in this small product, we have continued to leverage the best technology available at any given time. We have watertight and airtight zippers that are used in space suits, but in terms of implementing our business in society, I have been reminded that what is important is to provide better products that customers and society want, at a lower cost and greater speed. For example, cost-reduction technology is extremely important, so, for example, we can make something for 10 yen that used to cost 20 yen. By doing this, quality YKK zippers will become available even in emerging markets, where until now only zippers that break easily have been used. For me, this is the innovation challenge we are facing now.

**Nawa** Your company's Purpose and principle, the "Cycle of Goodness," is deeply rooted in the thinking of all your employees, and I believe that is why you have been able to implement your business in society in such an ideal form. How have you communicated this "Cycle of Goodness" Purpose, or Aspiration (Kokorozashi), to your employees?

**Sarumaru** In our work to disseminate our management principles, our focus is on dialogue with employees. Until now, we have been conducting roundtable discussions with individual employees in Japan and overseas in order to communicate our management principles, and COVID-19 has made these activities even more of a priority. In FY2021, we began holding small-group "online roundtable meetings". With our president Mr. Otani and myself taking central roles, we held discussions with approximately 1,450 employees from Japan and overseas. What has become clear as we continue this work, is that face-to-face communication, in which we can see each other's expressions and reactions, and exchanging ideas about our management principles, are important and valuable precisely because of the challenging times we are in. Through these activities, I want to continue to pursue, together with our employees, corporate activities that contribute to a sustainable society, based on the "Cycle of Goodness" and the strong feeling that comes from the heart, the "Aspiration (Kokorozashi)" that you describe. Thank you very much for sharing your valuable insights with me today.

\*Joseph Alois Schumpeter (1883 to 1950)  
A global economist who championed the importance of innovation through creative destruction.