

Suntory CEO Tak Niinami: “Harmony with people and nature is in our DNA”

The chief executive of one of the world’s leading consumer products and beverage companies explains his business philosophy in this interview. He also shares his views on partnering with competitors for sustainability’s sake.



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“It can be tough running a huge supertanker and trying to turn it in the right direction,” says Takeshi (Tak) Niinami, President and CEO of [Suntory Holdings](#), one of the world’s leading

consumer products and beverage companies. “Our philosophy is simple: Giving back to society ensures our license to operate.”

Here, Niinami talks about his idea of giving back and the importance of partnership to be sustainable *and* profitable.

Does being a family-owned company make it easier to pursue sustainability?

We’re lucky in that Suntory’s founder, Shinjiro Torii, was committed to the idea of giving back to society, so the idea of sustainability has been in our corporate DNA since 1899.

But there are challenges. Sustainability can be expensive. And when we say we have a duty to all our stakeholders, that includes our shareholders. If the shareholders don’t trust the CEO to deliver results, they will soon take away his license to operate on behalf of the company. So, the CEO is required to strike a careful balance.

In general, short-term results may be enough for shareholders, but they’re not enough for employees. Money alone doesn’t motivate the best talent. People need a purpose. They want to feel they’re contributing to society. A CEO also needs to satisfy that need, because a company can’t achieve results without the support and engagement of its employees.

It’s a constant balancing act, finding ways to meet multiple targets simultaneously. Some shareholder pressure is good in order to make sure you are performing financially. But real profitability comes from finding solutions to stakeholder needs. Gaining the trust of our stakeholders is extremely important to keeping our license to operate. That was the first thing I had to deal with when I became CEO of Suntory in 2014.

How do you motivate employees for sustainability?

We believe it’s important that all employees share the same understanding of Suntory’s founding spirit. That’s why I established Suntory University to enable free access to every employee globally to take time to understand our mission, vision and values.

In addition, we encourage our employees to take part in Suntory’s sustainability initiatives, such as going into the forests to experience watershed restoration programs, so they can feel and understand the Suntory way of sustainability in their bones.

How do you deal with suppliers?

The pandemic placed huge financial restraints on some of our smaller suppliers and, for

them, the priority is to survive. For some SMEs, talk of reducing emissions seems like a luxury that few can afford right now. I understand the difficult position they're in.

But the pandemic also raised new, important issues, forcing us to reconsider what "abundance" genuinely means for people living today. Frequent natural disasters, on top of the pandemic, are warning signs to our post-industrial societies and economies.

Now is precisely the time for us to embrace our founder's motto of *Yatte Minahare* — to dream big, rise to the challenge and take bold steps toward a society that creates harmony with people and nature, where social and economic growth coexist with the sustainability of the natural environment.

What we can do, as a large company with resources, is to provide support to our smaller suppliers. As a company, you can either refuse to work with any supplier that doesn't comply with every single environmental goal, or you can take a softer approach, which is what we tend to do, working together with suppliers to try to bring them along, rather than exclude them. Thanks to us having a large portfolio, we are able to balance out the bad with the good.

That being said, sustainability goals can't be achieved overnight. It takes persistence, and we have to be fully transparent and honest with our stakeholders with regard to where we are and how we intend to bridge the gaps to get to where we want to be. In the current sociopolitical climate, companies that aren't building trust with their stakeholders run the very real risk of quickly losing their license to operate.

Often, the solution requires investing in new technologies, and technology is expensive. For that reason, companies may increasingly find themselves having to partner with others across the industry — even with their own competitors — to achieve economies of scale.

In what ways do you cooperate rather than compete?

In our case, we established a joint venture across industries to develop recycling technologies for used plastics. We're also investing in plastic recycling technology.

The idea of pooling resources is powerful because, at the end of the day, all parties are anxious about costs. We can't easily pass all the costs on to the consumer. Not every consumer is a green consumer, unfortunately; and the reality is that not everyone can afford to be. So, we have to shake hands with competitors to reduce costs via economies of scale rather than pass those costs on to the consumer.

How easy is it to have that conversation with competitors?

Cooperation versus competition is always a delicate balance — more so now that sustainability has become a core part of most companies' strategies. Everyone wants to be recognized as a sustainable company, and no one wants to be outdone by their competitors on their sustainability initiatives, especially when you're vying to earn consumer trust in the same space. This disincentivizes some from shaking hands with competitors. But it's a tradeoff that must be addressed and resolved for the sake of making collective progress on sustainability goals.

What's the role of public policy in making progress?

The government has to regulate some things, like carbon neutrality. Companies favor having a clear, predictable environment in which to do business. And for that, public policy and worldwide rules are necessary, to guarantee the level playing field in which innovation can happen.

The European Union has certainly been a regulatory first mover in leading discussions and setting standards on the direction of sustainability. However, each country has a unique situation and requires unique solutions rather than an all-or-nothing, one-size-fits-all approach, in line with the Sustainable Development Goals' principle of "no one left behind."

Most Asian countries rely heavily on fossil fuels for energy, and that can't be changed overnight. They're also experiencing growth, and consumers in those countries naturally want to take advantage of the benefits of that growth, many for the first time.

As such, I think there needs to be graduated transition planning and more time to convince consumers in those countries. The more we collaborate across industries and partner with global competitors, the more we can accelerate the transition, rather than simply passing the costs on to consumers and making sustainability a burden for them.

What is Japan's role?

Asia is a big player when it comes to sustainability, so the world cannot achieve climate goals without the quick and effective action of Asian countries. Japan needs to leverage its technology and soft power to communicate with all Asian countries and drive change faster in Asia. When it comes to sustainability and the global environment, I believe that Japanese people have the value of coexisting with nature in their DNA.

To be a global company, you need to have a very clearly defined sense of who you are. And in that regard, I think Suntory does have a strong base at the core of its management philosophy from which to step out into the world, deliver good products that bring joy to consumers, and simultaneously contribute to global sustainability.

Takeshi Niinami appeared during the [2021 IESE Global Alumni Reunion](#) and participated in [The Future of Capitalism course](#) offered by IESE and Shizenkan University.

A version of this interview forms part of the magazine [IESE Business School Insight 160](#).

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