

The Value of Developing Cultural Bridges in Business



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Can you explain why you believe that a profound understanding and respect for local culture is so critical to building a meaningful worldwide presence?

Having worked at Toray for almost 30 years, I believe localization that organically links people and products through a deep understanding of local cultures is the key to our company's global success. From consumers to business partners to employees, local people are crucial to establishing strong foundations in a particular market. Recognizing this has enabled Toray to understand the tastes and psychology of Chinese consumers, to respond to the needs of business partners and customers, and to improve motivation and productivity by strengthening internal communication with employees. The Chinese market is huge and competition is intense, so global manufacturers must make it their mission to produce and sell high-spec, low-cost products that local manufacturers cannot match.

There is a saying in Sun Tzu's *Art of War* that I'm particularly fond of: "If you know the enemy and know yourself, you need not fear the result of a hundred battles." I constantly reflect on these words when seeking solutions to management problems. I believe that if Toray can understand and respect the culture of the country or region in which it operates, it will be able to fully understand the logic and philosophy that shape the market economy, policies and other factors, so that globalization can follow naturally.

In your career with Toray, how have you personally built bridges between cultures and fostered inspirational local bonds to drive innovation and manufacturing excellence?

As a high-tech company engaged in the manufacture of advanced materials, Toray has been actively pursuing business opportunities in China since the 1990s. At that time, China had not yet joined the World Trade Organization (WTO). As the head of our textile operations in Nantong, I realized that the level of technology at midstream and downstream manufacturers was still relatively low, and that Toray did not fully understand the needs of Chinese customers. Convinced that this was the key to success, I proposed a number of business reforms to make us more competitive, including greater use of locally produced materials and the streamlining of logistics. To better understand the business environment in China, I tried to get senior management to engage more actively with the Chinese market. On one occasion, I drove my Japanese staff to an employee's country home far from our workplace where we ate dumplings and talked with the employee's family to gain a deeper understanding of what Chinese consumers think.

By gathering raw information through many channels, I've been able to get top management to better understand my proposals, while strengthening ties with Chinese customers has allowed us to achieve a better balance between the mix of standard, mass-produced products and differentiated, high value-added products that we offer. Today, Toray Nantong's textile business is stronger than ever.

Please discuss your unique cultural take on leveraging ancient Chinese philosophy to drive a 21st-century corporate mission. What are the lessons global businesspeople can learn from *The Analects of Confucius* or *Records of the Three Kingdoms*?

China is rich in schools of thought and philosophies. We study the *Records of the Three Kingdoms* and *The Water Margin* in elementary school, and *The Four Books and Five Classics* and *The Analects* in junior high and high school. And we incorporate the five cardinal Confucian virtues of benevolence, righteousness, propriety, wisdom and fidelity into our work and lives. These values have influenced my understanding of what it means to be a member of society and of the Toray organization.

People in China often say that *The Analects* of Confucius enable you to rule the world because they contain countless management philosophies. The core philosophy of *The Analects* is harmony, which in terms of corporate management I understand to mean co-operation and integration with all stakeholders. The *Records of the Three Kingdoms* is another work that contains sound management advice. In a homogeneous market environment, I think the key to gaining market share is to grasp the needs and psychology of the target group and provide differentiated products that other companies cannot imitate.

If we adapt these ancient precepts to today's business world we can "strategize in our tent to win battles a thousand leagues away."

Cultural difference isn't only about countries; it can also mean different perspectives between business strategists and researchers, or management and the factory floor. How do you deploy your bridge-building vision to foster common purpose among different layers of the organization?

I believe that diversity is what makes things interesting and that a company's development can be accelerated by people who come up with outstanding ideas. I also believe that making good use of the different personalities in a hierarchy can be a driving force for the development of a company and for individual growth. Based on this thinking, and with a good understanding of Japanese companies and business in China and Japan, I have been able to reliably serve as a bridge between Japanese and Chinese people by valuing three principles. First, understanding and respect: seeing things from the perspective of others, fulfilling one's own role, and building mutual trust and co-operation. Second, knowledge of others: making the most of their strengths, boldly entrusting them with tasks, and providing strong backup. Finally, sharing and promoting: communicating the company's vision and strategy correctly and sharing goals. These principles create an atmosphere where people and the organization are full of vitality and enthusiasm.

I was born in Xi'an, where the Silk Road begins—the historical trade route connecting East and West, where both cultures were strongly connected and influenced one another, playing an important role in the development of the global economy and social systems. As such, this perspective is engrained in my DNA.

How does your personal experience developing the RO-110 water membrane system influence your vision of corporate management—and your overall commitment to building teams that forge transformative sustainability solutions?

Looking ahead to the sort of world the Toray Group wants to see in 2050, one of the greatest challenges is to ensure that everyone has access to safe water and air, and that the natural environment around the world is restored. That's why we're promoting Green Innovation (GR) business activities across the company.

As the lead inventor of the RO-110 system, I created a tool that enables end users to maintain stable reverse-osmosis membrane operations by employing a unique diagnostic method and Big Data processing to monitor RO membrane use and predict operational errors in advance. With the launch of this system, we've been able to establish a complete after-sales service network for RO membranes throughout China, and can advise customers on economical treatment methods, which has strengthened the bonds of trust we have with them.

As one of the world's leading manufacturers of water treatment membranes, Toray provides customers with more comprehensive and efficient solutions. We also analyze operational data from all customer sites to ensure intelligent system management and optimal membrane performance, delivering high added value to our customers that enhances the competitiveness of our brand.

Having led the development of the RO-110, I strongly believe that close collaboration between salespeople and the R&D team is necessary for the creation of any product or service. By enabling sales staff to communicate user requests to the R&D team in real time, research and development of differentiated products can proceed smoothly and new business opportunities can be realized.

Can you share an anecdote of a creative or commercial breakthrough made possible through an approach of building cultural bridges?

In 1994, Toray secured an industrial site of one million square meters in the Economic and Technological Development Zone of Nantong City, Jiangsu Province, China, to prepare for the establishment of certain of our subsidiaries and the start of full-scale integrated textile products polymerization, yarn making, weaving and dyeing. But when China joined the WTO in 2001, transportation infrastructure in regional cities was still rather underdeveloped. Supervisory personnel often had to travel back and forth between Japan and Nantong to oversee construction of our project and they had to go through Shanghai, which was inconvenient. Toray's then-president, Katsunosuke Maeda, suggested we call for the opening of direct flights between Nantong and Japan. Acting on this, I worked directly with relevant people inside and outside the company to call on local and central governments and encourage them to improve infrastructure access. As a result, there are now several flights a week between Nantong and Nagoya and Osaka. I believe that much of the region's subsequent economic development owes a great deal to the foresight of Toray's management at that time.

How have you been able to deploy your principles of respect for difference, loyalty and sincerity, and motivation for innovation to attract the best Chinese talent to Toray?

Toray currently has more than 46,000 employees, of which about 29,000 are overseas. As a truly global company, Toray respects the cultures and social norms of the countries and regions in which it operates. One of the basic management policies outlined in our corporate philosophy is to provide

meaningful work and fair opportunities. In this way, Toray ensures that employees are loyal and faithful to each other, and able to communicate freely, which in turn enables them to build good relationships and work efficiently. I believe that creating such an environment is one of the key reasons we are able to attract so many excellent Chinese employees.

What makes China such an important market, both from a business point of view and the broader perspective of Toray's mission to innovate for the betterment of humanity in an age of COVID-19 and climate change?

Toray's business development in China started with the establishment of a trading company in Hong Kong in 1955, and as of March 2021 it has invested approximately 20.1 billion RMB in facilities in China, and has 38 consolidated subsidiaries employing close to 10,000 people. This is comparable to the number of employees at Toray's headquarters in Japan.

The Chinese economy is the second-largest in the world, and despite the impact of COVID-19 its GDP is expected to grow by 8% in 2021. It is an extremely important market for Toray, and the country's rising standard of living and the sophistication of its industrial development coincide with the goals of our Green Innovation and Life Innovation business strategies. We will continue to provide products and services that offer new value and high quality, while at the same time actively working to improve the global environment. Since the start of the pandemic, China has struck a balance between measures to control the virus and the resumption of economic activities. Toray's protective clothing, nonwoven fabrics for masks and hygienic air filtration, and materials for IT equipment have all played a role in helping China achieve that balance.

Please discuss the future of Toray Industries (China) Co., Ltd. (TCH), especially in terms of exciting innovations and how your unique approach to globally-minded, locally-focused management will contribute to ongoing success.

TCH conducts business in China worth more than 400 billion yen a year. We remain fully committed to expanding this business. Looking 10, 20, and even 30 years ahead, it's clear that society will not be able to develop sustainably unless problems such as environmental issues, declining birth rates and aging populations, and the increasing sophistication of medical care are solved. At the same time, China is leading the world in the development of 5G and AI—technologies necessary for the betterment of human society, and in which dramatic progress will be possible if appropriate new materials can be made available. TCH's mission is to "produce in the right place and sell in the right place" the materials necessary for the development of the Chinese economy. We are already using materials informatics (MI) and AI to research and develop electronic information materials that take into account the various characteristics and structures that those new materials will be required to offer. Projects related to 5G and AI materials are being steadily promoted to expand our business.

On a personal level, I will continue to place the highest priority on the realization of Toray's corporate philosophy, and do my utmost to contribute to the further growth of our business in China by strengthening internal communication and deepening external collaboration through the application of the philosophies I've described here today.

