

Japan's Suntory brings in first outsider to lead family firm to global growth, say sources
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Family-owned Suntory Holdings Ltd will appoint its first outsider president, two sources familiar with the matter said, as the century-old Japanese drinks maker accelerates plans to transform itself from local champion to global giant.

Takeshi Niinami, chairman of convenience store operator Lawson Inc, will become president of the Osaka-based company on October 1, the sources said today. The appointment comes as Suntory beds in the US\$16 billion (RM51.44 billion) acquisition of Beam Inc, owner of Jim Beam bourbon and other brands, that made it the world's third-biggest spirits maker earlier this year.

Niinami is new to the dedicated drinks trade, but current Suntory president and chairman Nobutada Saji, grandson of the firm's founder, will retain a guiding role as chairman with representative rights, the sources added. While other family members serve as executives at Suntory businesses, Saji, 68, had previously said his successor wouldn't necessarily be an insider.

After 12 years running Japan's second-biggest convenience store chain, the 55-year-old, fluent English-speaking Niinami brings experience of managing international operations, answering shareholder concerns, and a thick contacts book that includes Prime Minister Shinzo Abe and the successful Tokyo 2020 Olympic bid committee.

In a year of major changes at the company that introduced single malt whisky to Japan in the 1920s, Suntory's 1.6 trillion yen (\$15.7 billion, RM50.48 billion) purchase of US drinks company Beam was the third-biggest overseas acquisition ever by a Japanese company.

The deal was a statement of new ambition at one of Japan's oldest companies. It's intent on growth in overseas markets to offset the impact of declining domestic demand as Japan's population falls. To do that it's prepared to do battle for assets with the likes of drinks industry leader Diageo PLC, home of Captain Morgan rum and Johnnie Walker whisky, and number two Pernod Ricard SA, owner of Absolut vodka and Martell brandy.

Before the Beam deal, more than 90% of Suntory's business – 2013 revenue was 2.04 trillion yen – was in Japan. The acquisition deal brought Jim Beam and Maker's Mark bourbons, Courvoisier cognac and Sauza tequila into the

Suntory group, along with products like Bowmore Scotch and Japanese whisky Yamazaki.

In a statement, Suntory said that no official decision had been finalised, although Saji this morning confirmed Niinami's appointment to a small group of reporters, according to media reports.

Owner of an MBA from Harvard and a regular at international business events like the World Economic Forum in Davos, the outspoken Niinami has called for deregulation and other sweeping changes to open Japan up to more competition and spur growth.

As a member of a panel advising Prime Minister Abe on policies to boost competitiveness, Niinami has urged Japan to join the US-led Trans-Pacific Partnership (TPP) trade pact, warning that time was running out to revitalise the world's third-largest economy.

A self-professed sports lover who served on the Tokyo 2020 Olympic bid committee, Niinami pushed overseas expansion and mergers and acquisitions during his time at Lawson, and actively hired non-Japanese graduates as future management candidates. The convenience store company is on its way to a 12th straight year of operating profit growth in the current business year ending next February.

The appointment of Niinami, set to be confirmed at a board meeting on July 1, would be the latest in a growing, if still rare, trend among Japanese companies to look externally for chief executives.

Among other high-profile hires are former Coca-Cola Japan president Masahiko Uotani, who became president of cosmetics maker Shiseido Co in April, and former GlaxoSmithKline executive Christophe Weber, who is set to be appointed president of Takeda Pharmaceutical Co this week.

Niinami's appointment comes as Japan's government urges changes in the way the country's corporations govern themselves in an effort to make them more attractive to international investors. It's trying to encourage listed companies to appoint more outside directors and to be more responsive to shareholders' demands, such as bolstering return on equity.

Economy Minister Akira Amari today welcomed Suntory's decision, calling it a "breakthrough" for a Japanese company known for its strong tradition of family-run business.

"I think bringing in fresh blood from outside shows President Saji's efforts to break through as an international company," Amari said, speaking at a ministerial news conference in Tokyo. "I have high hopes."

Saji's goal is to roughly double Suntory's group sales to 4 trillion yen in 2020 – a target that would require aggressive overseas expansion and more acquisitions. As well as its unlisted alcohol business, Suntory Holdings owns nearly 60% of soft drinks and food supplier Suntory Beverage & Food Ltd, spun off last year in a US\$4 billion listing – Japan's biggest in 2013 – that helped raise funds for acquisitions.

Niinami's new move comes after he left his post as Lawson president last month to become a non-representative chairman. Before joining Lawson in 2002, he had held senior posts at trading house Mitsubishi Corp, Lawson's top shareholder. – Reuters, June 24, 2014.

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