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WILLIAM & MARY

LEADERSHIP & BUSINESS PODCAST

EPISODE 197: JEFF BARNA – CULTURE & THE CEO

Jeff Barna

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Female Speaker

From William & Mary in Williamsburg, Virginia. This is Leadership & Business, produced by the William & Mary School of Business and its MBA program. Offered in four formats the full-time, the part-time, the online, and the executive MBA. For more information, visit wm.edu.

Ken White

Welcome to Leadership & Business, the podcast that brings you the latest and best thinking from today's business leaders from across the world. Sharing strategies, information, and insight that help you become a more effective leader, communicator, and professional. I'm your host, Ken White. Thanks for listening. As all leaders know, leadership comes with opportunities and challenges. But leading an organization whose parent company is located in another country poses a different set of challenges, especially when the cultures in the two countries are quite different. Jeff Barna is President and CEO of Yokohama Tire Corporation. He oversees the organization's business in North America. The parent company, Yokohama Rubber Company, is in Tokyo, Japan, where it was founded in 1917. Under Barna's direction, the organization has experienced solid growth, and the relationship between the leaders in the US and Japan has contributed to the success. While visiting William & Mary last week, Barna took time to join us to talk about the importance of company culture, the tire industry, and how a liberal arts education prepared him for leadership. Here's our conversation with Jeff Barna.

Ken White

Jeff, it's great to have you here. Welcome to Miller Hall.

Jeff Barna

Ken, it is an absolute pleasure to be here. I'm blown away by the Mason School. It's my first time in the building, and just what an environment for learning. So thank you for having me here today.

Ken White

It's our pleasure. And you're right. Every day I walk in this building, I'm grateful. And I've been coming in for nine years, and it never changes. Yeah, we're very fortunate to be here. And, plus, the students are phenomenal.

Jeff Barna

That's great. Good to hear.

Ken White

So, Yokohama. Interesting company. For those who don't know much about it. What's your elevator pitch, or what's your 30-second summary?

Jeff Barna

Yeah. Yokohama is a company that's based in Tokyo. We are predominantly in the tire product business. The top line for the business globally is about six and a half to \$7 billion dollars. We are actually in the process of making a major acquisition, which could push us as high as 10 billion in revenue annually. I'm responsible for the North American business. We are a priority entity within the context of Yokohama Rubber Corporation, Japan. The North American business does about one and a half to \$2 billion dollars in sales annually. And I'm responsible for all operations and sales and marketing, and the growth of the company. So we have two manufacturing plants in the US. We have four major distribution centers, an R and D technical center in Charlotte, North Carolina. And corporate office for me is Santa Ana, California. So we're spread pretty well. And, yeah, it's a great company. The company has been in business for over 100 years. And reputationally, I think the company stands for endurance, quality, innovation. And we absolutely try to tie those themes to the value that we extend our customers in this marketplace.

Ken White

It's got to be interesting working with the Japanese company. What's it like for someone who was born and raised in the United States, now working with a completely different culture? What are some of the lessons and some of the experiences you've had?

Jeff Barna

Yeah, the lessons are I came into the company in January '17, and we had a bit of a reputational challenge in terms of the way Japan viewed the US market. And for years, the

business had been underperforming. We were known as an entity that would overcommit and under-deliver. So there were some trust issues, and the company really wanted to take a look at how they could build out a truly independent, autonomous American leadership team, which hadn't existed prior to me joining. The company was being managed at that time by a group of Japanese national ex-pats that were on a rotation program. And unfortunately, the results were a bit underwhelming. So I came into the company, and to the credit of Japan, they had benchmarked other companies and realized that the American leadership was going to be important in order to break through and make progress. So since 2017, I would say the first two years were really spent on how do you establish that trust and reliability that had been lacking before. So I also felt it was important to create a bit of a cushion to allow my team to operate independently and really focus on the business while I was managing, repairing the reputation, or the relationship with the parent company. And the good news is, over a period of about two years, we went from, I would say, a period of high scrutiny. They were very, very interested in everything that we were doing here, to the point now where we have a tremendous amount of latitude and freedom to operate.

Ken White

That's got to feel good.

Jeff Barna

It feels really good. And I think if you look at it, Japan or the parent has been rewarded in so much as we're on a great run right now. If you look at the pandemic period up until now, we measure market share. The last 36 months, I think we've taken market share gains in 32 of the last 36 months. So them relaxing a little bit in terms of their intensity on how a local entity should be managed and providing me the freedom to operate, I think, has benefited all parties involved.

Ken White

You did mention innovation. And I think when most people think tires, they've got to be thinking electric vehicles that's got to be at the top. What does that pose for you? Challenges or opportunities? Where's that?

Jeff Barna

It's probably right now at this moment and subject to change because we're in a very transformational time within the tire industry. But the dynamics of tire construction on electric vehicles is more of a challenge than opportunity at the moment. And what I mean by that is that while electric vehicles by design are masterpieces in technology, I think that the tire application, when they push the car down the manufacturing line, was a bit of an afterthought. And what was not taken into consideration, Ken is that electric vehicles are about 30% heavier in respect to weight, and the torque from the front wheel drive shreds

tires prematurely. So every tire manufacturer today is having difficulty with wearability. And the consumers are a bit frustrated because what they used to get in terms of tire life, which would be 50, 60, 70,000 miles on a set, they're now getting 15 to 20,000 miles. And it's posing reputational issues with not just the electric vehicle manufacturers but also the tire companies. So there's a mad scramble underway for the tire companies to try to innovate to a solution that accommodates this heavier weight, more torque. It's easier said than done because the science is somewhat limited. You can do interesting things in the way of compounds or tread design. But if you think about it, electric vehicle companies are selling range. How many miles can I get on one charge? And that is not conducive to the tires that are being put on the cars today. If you want more range from a tire, you're actually going to have a tire with less tread. If you have a tire with less tread, it's going to wear quicker in a high-torque environment. So the whole tire industry, especially the technology and as it applies to EV, is quite dynamic and quite exciting, to be honest with you.

Ken White

Yeah. Great opportunity. Yeah. So let's talk about you a little bit. You started in sales. How does that help you today, and how does that help you through your career?

Jeff Barna

Yeah, I think I'd like to just veer off for 1 second because it's interesting. Coming into the Mason School and coming back on campus, and it's been a long time, created a lot of opportunity for self-reflection. And selling has always been the ability to communicate and socialize and create relationships. That always came naturally. And that was part of the inherent toolkit that came along with my undergraduate degree from William & Mary. But what I've realized, and it just struck me hard yesterday in coming in here, is that when I look at the events of the past two and a half, three years and leading a company in a post-pandemic, or during pandemic and post-pandemic environment. I have arguably had to dive into my William & Mary liberal arts education toolkit more over the past two to three years than prior to that. And while those building blocks were always in existence in terms of it was natural for me, I was comfortable for me to be in a selling environment. What was required from a leadership standpoint to be super creative, be resourceful, be innovative, be a critical thinker in dealing with truly unprecedented events that were happening in our business, not just with manufacturing plants and distribution, but people and talent attraction and retention. I mean, all of these things conjured up a need to really go back to my roots where William & Mary was so formidable in respect to the creation of some of that baselining for me.

Ken White

Yeah, it's great to hear. Yeah, that's great to hear. Was there a moment when you said I'd like to be a CEO? I think that's in my future.

Jeff Barna

That's a great question because I can remember early years being in different elevated positions in the way of, let's call it, middle to senior sales management. And I'm going to drop a name, but I do so with a fond memory. I can remember being sitting in a meeting with Roger Penske and his executive team, and for whatever reason, I was the only person in that representing my company at that time, sitting across from twelve guys that were all buttoned up and super impressive. And we had about a three-hour meeting, and I walked away from that meeting felt that not only did I hold my own, but I made an impression on the people on the other side of the table. And that was the trigger point for me where I said, maybe I can do something more expansive beyond that of sales. I will also say, and I call it crazy, or whatever the case might be, I was always that guy. Now remember I was in the automotive business back during the hardship times of 2007, 2008, 2009 the recession. And during that period of time, the automotive industry was shrinking and consolidating. And so I often found myself in an environment where someone would say, hey, we have a gap here. We have a need. Does anyone want to volunteer to do this work? And oftentimes, it was work that was not core to who I was, but I found it very interesting, and I felt I could learn something and. I also felt if I did that, it would help me from a springboard standpoint experientially be able to be more fluent in other aspects of the business. So again, I took on more opportunities for less pay, and I did that for, and those are concepts that are a little bit abstract for those that are going through college and business school today. But it's what I did, and I think it most definitely has led me to a place where I have confidence now in my decision-making and strategic thinking and those type of things that I feel that I'm on par with anybody of a leadership level that I compete against anyway.

Ken White

We'll continue our conversation with Jeff Barna in just a minute. Our podcast is brought to you by the William & Mary School of Business. The world is changing like we've never seen before, and that means change for business and your role in it. You can sit on the sidelines and watch things evolve, or you can be a part of creating the future. If you want the tools and education needed to succeed in the years ahead, we invite you to consider the MBA program at William & Mary. Wherever you happen to be in your career, William & Mary has an MBA program for you. The full-time, the part-time, the online, and the executive MBA all taught by the number one ranked MBA faculty in America. Take charge of your future. Check out the William & Mary MBA program at wm.edu. Now back to our conversation with the President and CEO of Yokohama Tire, Jeff Barna.

Ken White

I would say most CEOs we've had on the podcast have said the same thing. Take those opportunities. Even the projects that look like you can't win take them because you learn.

Jeff Barna

Yeah. And I want to be careful. I'm not a big fake it till you make it, guy. But I always felt that there were ingredients somewhere. And again, that toolkit that I was trying to build out that gave me the confidence that look. I'm going to get knocked down. I'm going to be put in my place. But it also put a premium on knowing that within a growing network, there were people who had the expertise that could help me navigate. And that was so there was on-the-job learning within the context of the role, but there were also people beyond that that were highly influential and gave me the confidence that I could do things in the way of manufacturing or supply chain or finance or legal, whatever the case might be. That was not core to an English degree that was tailor-made for a sales guy.

Ken White

Right. We should mention Penske. I don't know that there's a bigger name for those who don't know in racing. Right. So that had to be an incredible moment for you.

Jeff Barna

It was. It was terribly intimidating to be, to be honest with you, because I didn't realize they'd have twelve people at the table. But at the end, I didn't feel outnumbered. So something happened, something triggered on that day where I felt that there could be something more.

Ken White

Culture is very important to you. When you think that, what do you think? What comes to mind?

Jeff Barna

The first thing that comes to mind is we have very in the North American business, which again, we have to satisfy a very deliberate, intentional, purposeful Japan parent, but we're also able to put our fingerprints on the way the North American business is. So we want to personalize that as ours. So we have a tendency to come up with some very simple themes. Like as an example, I want to make sure that we're the most self-aware company in our industry. Self-awareness to me is critically important because if you practice it well, you're brutally honest about the mistakes you've made. You're brutally honest about your gaps and deficiencies. And in earnest, you start to fortify the business with action plans to address those gaps and deficiencies. So again, self-awareness is key. The other thing that's important to me is organizationally. We make sure that the team is all aligned with all we want to do is make sure that our business, at some point, can meet its potential, its true potential. And I'm not saying I'm not interested in metric-bound objectives, but things like market share growth, profit delivery, hitting a budget, and so on and so forth. We believe strongly that if we focus more on just getting the company to meet its potential, that all those other things will fall in line and then some. We found that to be the case. The

other thing that I want to mention, I apologize if it sounds braggy, is that for years, for 103 years, our Japanese entity was always the number one entity worldwide in terms of net sales and operating income or profit delivery. And in 2022, when we wrapped up our financials, we found that the North American business actually eclipsed Japan for the first time. So it just seems like we have a nice marriage of culturally, Japan is allowing us to do our thing, putting the American spin on it. Being self-aware, we're kind of speed, guys. We like to move fast. But again, you can move fast in a business. But if you don't have that self-awareness so, moving fast, I could make a bad call. My team can alert me to that bad call. I would accept the fact that I probably made a bad call, and we can make a course correction and head in a better direction, maybe before some of our bigger competitors can even have that first meeting on that particular subject. So it's kind of exciting to be everyone on the same page in respect to we're in this together, and it's not about titles, and it's not about an attitude. Other than being selfless and being highly self-aware.

Ken White

How do you get the team to the point where they are willing to take chances, and going out there is okay once in a while?

Jeff Barna

How did you get that question? Because that's outstanding. Because again, imagine the parental relationship that existed before was US can't be counted on, exaggerates what they can do, under delivers that type of thing. Well, that would naturally, as you might imagine, would breed hesitancy. There was a lack of confidence. The decisions were not made in terms of bold or daring. They were made in terms of conformance. And that's what I said is in the early years when I said I'm going to dedicate of running myself to running interference and getting that loyalty and trust factor up with Japan. Meanwhile, you're going to start making decisions that you feel benefit our business on composite, whether that's leading with being more customer-focused taking some educated risks. But let's have a forum that we can monitor what these risks or these bold moves are actually meaning in terms of, again, not just wins in the way of performance or achievement but also lessons learned from, hey, let's not do that again. So that is still something that we can do more of. But again, winning breeds confidence, breeds a different application to the strategy you create and the way you make decisions, and how you empower people down the chain or down the line to make decisions on behalf of the company.

Ken White

That's our conversation with Jeff Barna. And that's it for this episode of Leadership & Business. Our podcast is brought to you by the William & Mary School of Business, home of the MBA program, offered in four formats the full-time, the part-time, the online, and the Executive MBA. If you are ready to take charge of your future, check out the William &

Mary MBA program at wm.edu. Thanks to our guest, Jeff Barna, and thanks to you for joining us. I'm Ken White. Wishing you a safe, happy, and productive week ahead.

Female Voice

We'd like to hear from you regarding the podcast. We invite you to share your ideas, questions, and thoughts with us by emailing us at podcast@wm.edu. Thanks for listening to Leadership & Business.