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Culture of change

CEO Keisuke Nakao attributes the longevity of his business to constant, committed evolution.

IMAGES JAMES ONA

Keisuke Nakao is the fifth generation of his family to run the Nakashin business, which was established in Japan almost 150 years ago. In the late 90s, Keisuke's father looked at ways of securing the business's supply chain and it was decided that Nakashin should consider a move to the Philippines.

"We have two factories in Japan," Keisuke explains. "And back when we started the business in the Philippines, most of the food suppliers that we used in our Japanese factories were dependent on supplies from China. So, in order for us to have stability and quality of supply, we decided to expand our factories from the head office in Japan. The Philippines was the choice from five options that the family considered. Finally, my father decided to locate here."

The choice of location has paid dividends for the business, and also meant a shift in product offering. Taking advantage of the abundance of fresh, sweet tropical fruits available on Mindanao—particularly mango, pineapple, and banana—Nakashin Davao has turned away from fish and marine products to focus more on frozen fruit and desserts. >>



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Company Nakashin Davao International, Inc.
Position CEO and President
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Employees 300

“Our first priority is making sure our employees are happy, and improving their lives—at the same time ensuring the longevity of the company itself. Therefore, we have several strategies in place to achieve this. We are dependent on our current product—frozen fruit processing where we buy the best fruit in the Philippines, cut it to the required size, freeze it, and then deliver it to our clients. We have made sure that we have the best factory, but we are still very much dependent on the raw materials, so we are now trying to step up the manufacturing side—producing value-added products, such as mousse, ice cream and desserts. That’s our direction and priority for the next five years,” Keisuke says.

It’s not the first time that the business has shifted direction, meaning Keisuke is not afraid of change. Each generation of the Nakao family has taken it in a new direction to ensure that the company not only survives, but thrives. “In terms of expansion into new markets, we don’t change the target market by country but we do change the target consumers—we target the customers themselves as possible new markets for our products. We will stay here in the Philippines for the fruit, but we may expand into other countries for other products or another type of business, depending on the current market. In previous generations, no-one was holding onto the same type of business. The first generation were the city developers—the town was developed by my great-great grandfathers. Then the second generation held the fishing licences, the wet markets, and the fish port. The third generation started to process the foods, and the fourth generation entered the frozen foods business and ventured overseas to set up here in the Philippines. No business can last another 100 years without evolving, but if the culture and right management is



“No business can last another 100 years without evolving, but if the culture is there, and the management is there, the business can endure based around the same concept and philosophy.” - Keisuke Nakao

there, and the management is there, the business can endure based around the same concept and philosophy. Nothing else stays the same in this company,” Keisuke says. “We are always evolving.”

All of this evolution is made possible, in part, by a strong focus on risk management. “The key message to other investors,” Keisuke explains, “is that there is always a risk doing business in the



Philippines—there is even a risk in the US or Japan—but with proper risk management nothing is impossible. Plus, if others think that there is a risk, then there is a greater chance for you to do business yourself. This is the key

message: with proper risk management there is no risk. If you are afraid to go out into overseas markets, the greater the risk usually means the greater the opportunity for the business itself—so proper risk management is crucial.

“We are part of the Japanese Chamber of Commerce in Mindanao, as the regional president, and every time there are new investors, they present Nakashin Davao as the model case to highlight a successful, expanding business involved in small- or medium-scale operations. We can see that there is huge potential in this island, and establishing operations in the Philippines has been very good for us. Currently, the Japanese Chamber of Commerce is the biggest foreign chamber in Mindanao and we are trying to guide and form the Foreign Chamber of Commerce, because until now there

have been very few foreigners doing business here. Now we have Canadian, American, European, and, of course, Japanese chambers all holding hands to work together and promote this island as a great place to set up business.”

It’s not just the business that benefits; it’s great for the local population as well, providing a good, steady income for people who have no formal qualifications and often struggle to find work. Nakashin has formed close bonds with the farmers who grow the fruit that ends up at its processing facility, and also the women who keep the facility running. “We have 300 employees on site—mainly young female workers. Many of them did not even finish their education and often, after they have earned some money, they go back to school. It’s 300 people all working together, and

we trust them and empower them to run the operation.

“If you are producing food products or foodstuffs, it’s made by humans and so there is nothing too difficult—it’s just managing people. It’s like growing up in a family: your mother prepares food for you and you never get food poisoning from your mother. Our people are like mothers—they are doing the work and making the food with that level of care. That is what we as management try to instil in the people and the operation. We have the highest standards—the FSSC 22000 Food Safety Systems Certificate, which is currently the highest standard on the food manufacturing industry scale. We did not need any preparation to get this certification; we just used the benchmark of our operation to give more confidence to our people.” ■

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The Paglas Group is a collective of different organisations and initiatives that are engaged in either, or both, commercial undertakings and advocacy — for health, the environment, peace, or philanthropy. It’s partnership with Nakashin Foods follows this advocacy.

Founded in the early 1990s, The Paglas Group was initially set up as a support services entity to a joint venture with foreign principals who invested in a multi-million dollar banana plantation in a conflict zone. This original project showcased that lasting peace can be attained through sustainable economic development in the conflict zones.

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