Creating a Robust and Flexible Governance Unique to LY Corporation: Yuko Takahashi, Outside Director

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LY Corporation is continuing to update its management structure after it made a fresh start as a new company on October 1, 2023. At the general meeting of shareholders held on June 18, 2024, two proposals regarding the appointment of directors were approved and passed. As a result, the ratio of outside directors now constitutes the majority at 67%, and the company has transitioned to a new management structure to further strengthen corporate governance.

Yuko Takahashi is now our new Outside Director (Independent Officer) and Audit and Supervisory Committee Member, who is also a certified public accountant. She has experienced a wide range of positions including one at Japan's leading global company, and currently serves as an outside director at several companies.

We asked Ms. Takahashi about her career so far, her values regarding work, and the strengths and challenges of LY Corporation. We also asked how she is thinking of contributing to the company's management as an outside director.

Yuko Takahashi

Outside Director (Independent Director), Audit and Supervisory Committee Member
1992: Joined Century Audit Corporation (now KPMG AZSA LLC)
1996: Registered as a certified public accountant
2001: Joined Dentsu Inc. In later years, served as a Managing Director of the Finance & Accounting Division of Dentsu Inc. and as an Executive Officer of Dentsu Group Inc.
2021: Established Yuko Takahashi Certified Public Accountants Office
January 2022: Became an External Audit & Supervisory Board Member at 17LIVE Inc. (to present)
March 2022: Became a Director of Dentsu Group Inc.
2023: Became an External Director of Hulic Co., Ltd. (to present)
2023: Became an External Director (Audit & Supervisory Committee Member) of Microwave Chemical Co., Ltd. (to present)
Graduated from the Faculty of Law at Sophia University and completed a Master's degree at the University of Warwick in the UK.

What I learned through my experience in M&A and PMI with global companies

——Please tell us about your career path so far.

I studied law at university and after graduating, I got a job at a law firm. However, I later became interested in becoming a certified public accountant, so after obtaining qualification, I went on to work in the international department of a major auditing firm. I then studied organizational theory at a graduate school in the UK. Looking back, I felt like I was lost and kept searching for myself in my twenties.

After returning to Japan, I became interested in Dentsu, an advertising agency that is not only involved in advertising and marketing, but also in a wide range of areas like sports and entertainment, and joined the company mid-career. At Dentsu, I utilized my experience and knowledge of finance to support clients' IR (investor relations) and managed the business operations of domestic and overseas group companies. I also gained experience working on the front lines in sales.

Ever since I joined the company, I had always wanted to contribute to the globalization of Dentsu and expand its strengths and assets overseas. Eventually, I took on the role of supporting Dentsu's M&A (mergers and acquisitions) and PMI (post-merger integration, a series of processes aimed at maximizing the effects of business integration).

——What was the turning point in your career?

It was in 2013 when Dentsu acquired Aegis Group plc, a listed British company. With this acquisition, Dentsu's share of overseas business in its gross profit, which at the time was only a few percent, rose dramatically to over 50%, marking the start of full-scale globalization. It was a major turning point for both the company and my career.

For that project, I was appointed as the PMI manager of the finance domain on the Japanese side. However, I didn't have a clear answer on how to proceed with the integration process with such a large company. At the time, there were only a small number of people at Dentsu who were involved in the overseas business, and this was particularly the case in the management department.

On the other hand, Aegis was a listed British company that already had experience governing hundreds of companies in around 180 countries. In other words, even though we were the parent company that acquired Aegis, they had overwhelming know-how when it came to global management.

Therefore, rather than developing a typical parent-subsidiary relationship with Aegis, we took the stance of "Please teach us what we need to do to become a truly global company."

Fortunately, members of Aegis's finance team were all excellent and true professionals, so I was able to learn a great deal. In particular, the CFO (Chief Financial Officer), a young leader who was around 40 years old, demonstrated great leadership.

——Have you ever had any difficulties with cross-cultural business communication?

Aegis did not know what to expect as a Japanese company became their parent company. It may have been easier for them to imagine a Western company becoming their parent company, but since we were a Japanese company from the Far East, they were nervous at first.

We had discussions at an early stage to alleviate such concerns, and after we said, "Let's create various things together," the people of Aegis felt at ease and began working with us on various initiatives. In the UK, there is a culture of drinking beer in pubs. Although I wasn't posted to the UK at the time, I think team building was successful because I visited the UK as much as possible and made use of communication in pubs.

In Europe and the United States, working for a business company after working as an accountant is a common career path for people working in finance. I have worked for one of the so-called Big 4 auditing firms in Japan and have also studied abroad in the UK. These commonalities may have been the key to smooth communication.

——What did you learn through this PMI? Is there something that can be applied to LY Corporation?

Looking back on my work at that time, I realize how important diversity is to an organization. Nowadays, the importance of diversity is taken for granted, and people often say that a diverse team creates better things. That's true, but when I think about why diversity is important, I think above all else that it strengthens an organization.

There were times when I wondered, "Why do I have to explain everything?" "Why don't they understand?" I had to explain things that would already be understood between Japanese people or employees of the same company, and sometimes even when I explained them, they didn't seem to understand. However, I thought hard about how to solve the problem and asked myself questions like, "Why don't they understand?" "Maybe I should explain it this way?" In other words, we had to go through about ten steps for things that would have been completed in one if only Japanese people were involved. As a result, the process itself has made me stronger, which in turn made my organization and team stronger, and allowed us to grow.

I believe that the current situation in which two different organizations--former LINE Corporation and former Yahoo Japan Corporation--are coming together is an opportunity for the company to become even stronger. It is true that there are many hurdles to overcome, but if you take them as a chance to step up, you will remain positive.

——Does this mean that the difficulties faced during the growth process make an organization stronger?

Yes, I definitely think that such experiences make an organization stronger.

Generally, in PMI, immediately after the agreement is concluded, there is a work plan and schedule that include "must haves" that must be completed within the first 100 days. I myself made a list of processes to carry out in the early stage and implemented them.

However, what happens after the first 100 days is more important. PMI in the narrow sense is often completed in one or two years at most, but looking back, I think that it may even take around ten years depending on the size of the business. This is because we must not only confirm whether tasks are truly being carried out after establishing them at an early stage, but also update them to reflect the company's ever-changing situation and challenges. I believe it is important to appoint a PMI manager over a long period of time to continually update the process.

The importance of seeking optimal solutions with diverse perspectives and a sense of balance

——What values are important to you when doing your job?

First, my personal stance on work is to basically, never turn down a job, and do the task at hand with 120% effort. I place importance in these two things.

The reason I never turn down a job is because I believe that every job I come across has meaning and offers new connections. I think that valuing what I learned from the job and the people I met has helped me move on to the next steps. There is also a reason for the 120%--putting 100% effort will not exceed expectations but adding 20% to that will create WOW!s, which is part of LY Corporation's mission. In order to produce that extra 20%, I want to think hard and use my own creativity to carry out work that adds value.

——As a member of top management, you must sometimes be called upon to make difficult decisions. Is there anything that you keep in mind in such situations?

The idea of "moderation" is my guiding principle. This idea appears in Confucian teachings and is also known as a concept taught by the ancient Greek philosopher Aristotle. Some people may think of moderation as being average or making compromises. However, Aristotle states that virtue is the avoidance of excess and deficiency in all things, and that courage is the golden mean between recklessness and cowardice.

In today's fast-paced and diverse society, there is no easy-to-understand or single answer. For example, it is truly difficult to strike a balance between making the world more convenient and protecting the global environment. However, the important thing is to balance diverse ways of thinking and values, find the best solution at any given time, and then implement it. I believe this is one of the most important abilities required of humans today.

I believe that this way of thinking and ability is required even in settings such as the Board of Directors. It is important to consider the benefits and disadvantages of various stakehold and come up with the optimal solution. This is extremely difficult, as the optimal solutic different for each company.

In our case, we have complex capital relationships and a diverse business portfolio, making resource allocation a difficult issue. Additionally, it is important to have both long-term and short-term perspectives. While we encourage people on the front lines to do their utmost to solve the issues they currently face, the Board of Directors also needs to have a perspective that looks even further into the future. We take everything into consideration, including risk-taking, and strive to pinpoint the optimal solution.

With a broad business portfolio, the business itself has great social significance

——Do you use any of the services offered by LY Corporation?

I've been using both LINE and Yahoo Japan's services for a long time. When I wake up in the morning, the first thing I do is check Yahoo! JAPAN News. The LINE app is an indispensable communication tool and we'd be in trouble if we didn't have it. Of course, I also use PayPay. Also, when I have time, I sometimes take short trips to places like Kyoto, and I often use Ikyu to make hotel and restaurant reservations.

As a user, I felt that a wide range of services were being created by LY Corporation every day. Also, as a businessperson, I had seen news about integrations and mergers, so my impression of LY Corporation was that it was a company with momentum and lots of activity.

——What do you think are LY Corporation's strengths?

It has one of the largest customer bases in Japan and has an extremely broad business portfolio that includes content, communication, commerce, and payment tools that are essential to everyday life. With high potential, the business environment is changing rapidly, but everyone is demonstrating tenacity and proactively takes measures in advance. AI has evolved remarkably in recent years, and we will no doubt continue to make effective use of it in the future. In that sense, the life platform that LY Corporation is aiming for has already been built, and we are working to evolve it. Additionally, we are expanding not only in Japan but also throughout Asia, and are working towards further expansion.

LY Corporation's business itself is closely tied to people's daily life and has great social significance. This brings a great deal of social responsibility, but perhaps this responsibility is a source of motivation for management and employees.

Every company has a purpose (i.e. reason for existence) and does something socially meaningful. However, there are not many companies that possess this level of dynamism and function as a social infrastructure. I think this is one of LY Corporation's traits that attracts people to join the company.

——What do you think are challenges for LY Corporation?

With huge competitors in the market, LY Corporation needs to maintain its uniqueness and compete in a way that goes beyond just size. Ultimately, we want to make solid profit, produce results, and be useful to society. To that end, I would like to have serious discussions at the Board of Directors about our strategies and sources of competitiveness.

To achieve this, it is important that the Board of Directors functions effectively. In particular, now that the majority of directors are from outside the company, we have brought together people with diverse knowledge and expertise. By sharing various opinions, we hope to come up with good solutions for the growth of the company.

Making LY Corporation's unique governance robust yet flexible

——Please tell us about your future aspirations.

I will keep remembering the idea of "moderation" that I mentioned earlier. Ultimately, my strength lies in the experience I have gained from persistently working to resolve issues involving conflicts of interest at a business company for a long time.

My areas of expertise are finance, accounting, and auditing, but I have also worked hard in a world where there are no right answers, such as group management, organizational operations, and human resource management. I understand that both management and employees at LY Corporation face difficult judgments and decisions every day. As a director, I would like to keep that in mind and provide the best possible support and advice.

Corporate governance in Japanese companies has evolved significantly in recent years, but it still has a long way to go. It will require steady effort and time. What kind of governance is best for LY Corporation? With this question in mind, and through ongoing dialogue with board members, relevant departments, and investors, I would like to work hard to build a robust yet flexible governance that is unique to LY Corporation.

Interview date: July 24, 2024
*The affiliations and titles in the article are as of the time of the interview.