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Japan-America Society of Tennessee Public Awareness Initiative

Impact: Japanese Business Investment in Tennessee

In association with the Tennessee World Affairs Council

Verbatim Transcript

A Conversation with John Gregory

Former Director of Asian Development

Tennessee Economic and Community Development

Video Recording on the JAST YouTube Channel

Patrick Ryan [00:02:16] Hello, I'm Patrick Ryan of the Tennessee World Affairs Council here on behalf of the Japan-America Society of Tennessee, and we're talking today with John Gregory. He worked at the Tennessee Economic and Community Development Department in the State of Tennessee, and he was the Director of Asian Development. He worked there from 1977 to 2006, and we're talking today about the impact of Japanese business on the state of Tennessee. Welcome, John. Thanks for taking time.

John Gregory [00:02:46] Well, thank you for having me.

Patrick Ryan [00:02:48] Let's start out with a little bit of your background so we can understand how you came to be in the position of working with Japanese companies and developing business relationships in the state of Tennessee. What brought you along from your education at MTSU and your service in the Army? Tell us a little bit about your background.

John Gregory [00:03:14] Well, I was in Vietnam 1968 through 69, and part of that experience included being hospitalized in Japan. And I was there for about a month and I really enjoyed - I've always had a very strong attraction for the Asian culture, and I enjoyed my experience in Vietnam and in Japan. I love the people. And when I left Tokyo, I remember thinking to myself, I'll never be back here again and regretting that and just goes to show you need to be careful what you pray for because, you know, total life career. I went to work with Economic Development in 1977, primarily in our existing industry services section. And my job was to develop the programs that the state could administer to help existing industries identify what their needs were and how we could better suit what government brought to the table there. So that's where I was working when I was asked, when I was first asked to work as kind of a sidekick with some friends there at the department to help with some of the new Asian companies that were looking at Tennessee, and the first one I worked with Toshiba, which was the first manufacturing

development ever to land in Tennessee, and they bought property just south of Nashville in Lebanon. And that was a fairly good-sized deal. And then Lamar Alexander became governor, I originally started with Ray Blanton, and Lamar Alexander became governor. And under Lamar's administration, he began to focus more and more on Japanese investment, particularly because of one of the first projects that came under his administration was the Nissan Corporation. And I started working with the Nissan people before I knew what Nissan was. So anyway, I began working with those people and I was enjoying it very much, and I got along with the Japanese. And so when they put together an incentive package, one of the incentives was me offered up as the Nissan coordinator for the state of Tennessee, and my primary job was to make sure that their location went as smoothly as possible and to make sure that all the promises, the economic promises and the other promises of services, etc. made by local communities and other state government agencies were brought to bear in a timely manner to make sure that they would start their startup on time. So that's where I found myself and with Nissan - became all of their constituents, their suppliers, etc., and pretty soon I was not only working on things that had to do with Nissan, but Nissan would ask me to help their supplier find a suitable manufacturing assembly properties nearby so they could serve the new Nissan community. So I think Governor Alexander had a very clear vision that this was going to turn into a fairly big deal and slowly but surely it did. And I was I was fortunate enough to be there for the first manufacturing facility.

Patrick Ryan [00:07:28] John, Governor Alexander, he was '79 to '87. Is that right? In that window there, and I think you went with him to Japan and had some observations about how he was astute to see the potential?

John Gregory [00:07:53] Oh yeah, very much so. I was going to say when he first came there, there was only I think about a Japanese company in Tennessee and of course, Nissan presented, you know, an opportunity for around 2000 initially. So that was that was a big deal. And Governor Alexander put his time where his mouth was saying it was priority and started making trips to Japan to actually try to market the state of Tennessee there. And when he was not there, then I would go with some of my other constituents in marketing and try to lay groundwork for future trips and identify other companies that needed to be cultivated. So that's kind of when the ball started, the snowball started rolling downhill. Yeah, we had joined, the state of Tennessee to joined the Southeast U.S. Japan Association, which was a conglomeration. It was an organization of seven states on one side and an organization of Japanese businessmen on the other. And we would have meetings on alternate years, either in one of the states, in the United States, or go to Japan and have a meeting there, either in Nagoya or Tokyo or Osaka. So that presented a really good opportunity for the governors to show their interest by actually showing up at those meetings. A lot of the seven states governors didn't particularly feel like they could give their time with that, but Alexander went to each one of them, and I think McWherter went to just about all of them, except for maybe one - he came in for like one night of it and couldn't spend the rest of the time. And Don Sundquist did the same. He was very committed to carrying on that organization because it gave them opportunities to talk to the business community in Japan and let them know that not only were they talking about how much they wanted them there, but they were actually showing up and putting their, you know, their money where their mouth is, as it were.

Patrick Ryan [00:10:28] I've heard that Governor Alexander had a map that he would take with him to Japan. And it showed Tennessee and the proximity of Tennessee to all of the markets around the United States. All of the logistics hubs and roads and trains, et cetera.

John Gregory [00:10:47] Well, our director of communications at the time, Bill Boozer, and strangely enough, he didn't drink - he called it the night that the lights were on. Alexander had this wonderful picture of the United States that had lights focused on the major, the major population areas, and it kind of showed that most of the population - there was two main markets. There was the eastern seaboard and the western seaboard around California. In the eastern seaboard. Tennessee was right dead center, so he would use that as a marketing tool to show people that they could market to the major markets, most of the major markets in the United States that they had a facility in. In Tennessee, we also started keeping track of and that's again, one of the reasons I was lucky to be there from day one - was we started keeping track of where the different companies were landing in Tennessee. So we had not only the night map that shows where the lights were all, but we had a map of the state of Tennessee which showed where all the companies were. And you know, the Japanese are very caste-oriented kind of things in terms of their culture, but particularly in business, you know, they have different groups - the Nissan Group, the Toyota Group, the Sumitomo Group, the Toshiba Group - they all have their own little fiefdoms items there. And all of them were interested in - every time I would go call on a Japanese company and pull out the map of Tennessee, they would pour over it, wanting to know, oh, so many people and on and on and on. It was kind of like old home week. And as we got to know these people, you know, I think Alexander was very astute when he realized, you know, all these guys went to school together and they went to the same schools and they were kind of brought up, you know, along the same lines so they could tell him who was next up and this and the other. So he started cultivating the people that were coming up in the ranks as well. So anyway, he developed a lot of good marketing practices, I guess what I'm saying?

Patrick Ryan [00:13:20] Okay. So what was the expansion from eight companies to many more under Governor Alexander and then McWhorter? What was the atmosphere like around Tennessee as these companies were coming in?

John Gregory [00:13:35] Well, initially I think the atmosphere was very comprehensive. When Nissan landed, I was surprised in the state of Tennessee the people referred to them, often referred to them as Chinese. I mean, it was like there was Asians, and everybody in Asia was Chinese. And we did, you know, we didn't start to realize, some of the communities didn't realize that there was distinct different countries and nationalities. I mean, we were pretty green. And the other thing that was concern was a lot of people thought in terms of Chinese as they brought over all the Chinese to do the railroads and so there weren't jobs for the, you know, regular people here and having to educate the community that the Japanese are only going to bring a few core executives to get the place started up and they would hire. They were very good about hiring locally and trying to get their personnel managers, the core group of people that were the plant managers, trying to hire their core group of executives from the local communities. So they ended up being very good corporate citizens. But initially people were afraid that they were going to bring all the employees with them and end up taking all these tax advantages and not giving, you know, people anything in return. So I was on the fried chicken circuit for all the rotary clubs and everything for a good deal of my first year as Nissan coordinator for the State of Tennessee trying to answer questions about what's actually happening, how many local hires there would be, etc., etc. and doing that not only for Nissan, but for other companies that were the Nissan suppliers. They were going to other parts of the state of Tennessee.

Patrick Ryan [00:15:47] That was around 1980?

John Gregory [00:15:51] That was around 1980 and I had to go back. I retired in 2006, but I was looking at remarks from Commissioner Kisber in the year that I retired, which I probably wrote, but he was citing that, you know, from those initial eight Japanese companies in 1976 in that 30-year period, about 168 Japanese companies were in Tennessee, employing over 42000 people and investing over \$12 billion. So what happened was Tennessee being an afterthought in this whole scheme of marketing, it ended up being one of the major Japanese investment hubs in the whole United States, and we're very proud of that. I think also toward the end of my tenure with Economic Development, I think the attitude had already changed from apprehension at strangers coming to seeing a Japanese investment in one's community becoming a star in their crown. It was kind of like a stamp of approval. The Japanese were noted for asking a million questions, you know, no stone left unturned. And if a city or municipality could attract someone that was that particular about making sure their investment work, they could use that as sales to or attracting other investors. It was kind of proof that they were worthy as it were.

Patrick Ryan [00:21:20] And so we've got an example of that magnetic effect of businesses, large corporations coming in. And I think you had mentioned the Japanese suppliers were attracted from Japan to come over if they had been connected with the Nissan Group or other groups. But there's also the effect that we've seen Bridgestone moved their headquarters to downtown Nashville and really was the first major corporation downtown. And we see the development here in Nashville now, the Fifth and Broadway, Alliance Bernstein, and Amazon, and Oracle is coming. So, you know, you can't say definitively that cause and effect, Bridgestone coming in, building a beautiful building down on Demonbreun and Fourth and led to that development. But clearly, they were a pathfinder of big corporations coming to the downtown area.

John Gregory [00:22:15] Well, one of the good things about Tennessee and particularly Nashville is you have such a diversity of economic rights. I mean, the manufacturing, the headquarters, the financial, the banks, the country music, that recording stuff, and the printing that goes along with all that - there's a there's a very diverse climate in Nashville. And I think the Japanese companies certainly attracted a lot of attention to it. I mean, Bridgestone moving to Tennessee is not just going to tell other Japanese companies, it's a good place. They're telling the whole world. I mean, they're people that probably do not know that Bridgestone is really Ishibashi in Japan. I mean, Stonebridge - I mean, they're probably people they don't even know that. And Bridgestone is such a wonderful example. It was the second biggest company in Tennessee behind Nissan, but Bridgestone and particularly under Chris, you were talking about Chris the other day - she was so she was so forthcoming in diversity, in communications, and publications and support across the whole community. I mean, they didn't blink any eyes with doing the right thing, and so, you know, I think not only did we attract Japanese companies, but we attracted good Japanese companies. I mean, those that really were concerned about their corporate image - Nissan, Bridgestone, Toshiba, Denso in East Tennessee - the company's there in Shelbyville, and I can't even call their names - Calsonic have the Calsonic Arena. You know, they've built a whole horse arena for the walking horse capital of Tennessee. You know, so they're really being local, but at the same time, high profile and it just creates a good image. They've done the same in Bartlett that was trying to think of what is the Bartlett, the printing Brother, Brother Industries. Brother Industries has done incredible stuff. And then with all these Japanese companies, you know, you talk about the - we mentioned the Southeast U.S. Japan Association and we had it in Memphis, in '96 and Arnold Pearl was the kind of like the functioning chairman, but the honorary chairman was

FedEx. What's his name? Oh gosh, I've forgotten his name. Anyway, he had Sandy Dickey doing all the work.

Patrick Ryan [00:25:29] Mr. Smith.

John Gregory [00:25:30] Yeah, exactly, exactly. He had Sandy Dickey, who's a wonderful person doing all the work there. But when you got FedEx behind you sponsoring something, people want to be associated with it and you had, you know, Sharp Corporation there in Memphis, you had Mistui, you had Brother. You had people all over the state of Tennessee, the Japanese companies supported the Memphis meeting and in terms of lending their dollars to it, even though they weren't in that community, they realized the benefit of - they were going to be exposed to governors and delegations from six other states, including the state of Tennessee. So. I don't know. And it was a good economic time too, '96 - it was a good time to raise money.

Patrick Ryan [00:26:29] Right, right. Well, you know, a lot of these companies, obviously a name like Nissan, some people understand it's a Japanese company. But there were probably many people who don't know their Bridgestone is Japanese owned company, and I didn't know that that Calsonic was. I've been with them in Shelbyville and I've been to the walking horse - what's the name of the annual ride? The celebration, yeah. And I've been in the Calsonic Arena, and I had no clue it was a Japanese company.

John Gregory [00:27:05] Oh yeah, yeah. So, you know, Komatsu in Chattanooga and you know, Komatsu in Chattanooga gave what, 30 percent of the seed money for, you know, for the aquarium in the downtown development, joining the Coca-Cola people, the people that don't - they didn't have the recipe for Coca-Cola, but they have the rights to distribution for all Coca-Cola all over the world. Now they probably don't need a Christmas basket from us. But you know, I mean, you realize what wealth there is in these communities and how those people want to be part of the community. And I think the Japanese ... saw that and it's been a wonderful part of that community.

Patrick Ryan [00:27:57] Do you have any other examples around the state where Japanese companies have done things for the community like the Calsonic Arena and the aquarium? And you know, we've got the Bridgestone Arena here in Nashville and I know Bridgestone and Nissan have foundations that provide grants to nonprofits around the state.

John Gregory [00:28:17] Well, Denso in Maryville, Tennessee. They put a lot of money into the community, into education and as well as being - they're very supportive and have been a big part of the Japan-America Society of Tennessee, which helps provide grants for riders and stipends for kids going to school. You know, I've been away from it so long, it's hard for me to know what exactly is going on now, but those are the ones that come immediately. Mitsui Corporation has - it's one of the largest trading companies in the world, and I was lucky enough to have lunch one day at the Mitsui Club in Japan and they have a big scholarship program, big scholarship program that they work through the Japan-America society to administer. So they're very, Japanese are very culturally aware, you know - I hurt a lot when the Japanese companies first came over here about, you know, if the wife is happy, the executive would be happy. And that was real important. And she's not going to be happy if her kids don't, aren't keeping up with kids back in Japan. So one of the first jobs with the Japan center in Tennessee was to help establish Saturday schools. See this doesn't have anything to do with the investment, but at the same time, it has a lot to do with the investment, you know, and they established Saturday schools in

Knoxville, Murfreesboro and Memphis, out east in Memphis and now they've established even more, I believe. But that structure that started out with only a few and in local communities giving their - driving the school busses on Saturday, getting volunteers to drive the school busses to pick up the kids, take them to the Saturday school so they could keep up with the Japanese side of their education in case they had to go back to Japan. I mean, those are little bitty things that people don't hear so much about, but it goes a long way. When it's like we were talking earlier, the Japanese after the first couple of Japanese companies I was working with, I realize that there were always going to be the same questions. And if you look at what those questions were, those are the things that were really important. And so we slowly took those questions and started trying to figure out ways to bring resources to make those things possible. And yeah, I think it's one of the most rewarding things the state of Tennessee has done, investing in the cultural aspects of a foreign country investing in the state of Tennessee.

Patrick Ryan [00:31:46] Was there any connection between those sorts of cultural things and local communities? Do you know of any cases where Japanese culture might be provided? I know the JAST events all year round around the state. They just did a festival in Memphis.

John Gregory [00:32:04] Yeah, the Cherry Blossom Festival is wonderful and I actually worked that a couple of times and wore my little yukata. Lee dressed me up in a yukata and I bowed to people as they came in. Yeah, there's all sorts of - you know, I think the world we live in is becoming more and more aware of the differences in cultures. But actually as you as you look at the cultural differences, you find the similarities. It's the same thing. I mean, people want a safe place for their children to live. They want them to be well-educated and they want them to do well in life. You know, that's not different in any, any culture. There may be political things that come into play that keep that from happening. But, you know, we're very fortunate in the United States that we have the ability to provide that.

Patrick Ryan [00:33:08] You know, John, we're closing in on time here, so let me just ask another couple of questions. One is I was just going to circle back to the impact of Japanese business in Tennessee and put kind of an exclamation point on it. And you've said that the edict there at the Tennessee Economic and Community Development Department was to attract manufacturing investments to create good jobs for Tennesseans. So looking at your experience over those years and what you've seen since, how would you grade the result in bringing Japanese companies that provided good jobs for Tennesseans?

John Gregory [00:33:52] Well, I think we've been very lucky that we've had people in positions of management, even in the background, who have seen the long-term benefits of attracting industry, and not only seen it but helped to pass it on, even though it went to a different political administration. I mean, one person in particular, Tom Benson, who was commissioner of economic development under Ray Blanton, who I was hired under in 1977. Commissioner Benson was the one that helped form the Southeast U.S. Japan and Southeast U.S. Associations. Those meetings that go back and forth between the companies. And he was the one that actually signed the charter for that. I don't think Great Line never went to one of those meetings. But when Ray Blanton left office and Lamar Alexander came in, Tom Benson had long talks with Lamar and his people, even though they were different political parties. But, you know, back then we weren't that different. You know, and it wasn't like - it wasn't as divisive as it is become of late. But you know, Tom actually put time in with making suggestions about what Lamar might do, and I think Lamar

had enough political savvy to realize that, you know, Tom was telling the truth, and then that coupled with the fact that Nissan came in shortly after Lamar was put into office, it kind of helped cement what he was going to do for the next eight years. And that luckily, McWherter, again, a different party. You know, Alexander's a Republican, McWherter's a Democrat, but McWherter coming in and realizing that it didn't matter what party you were in. It just made sense to continue something that was paying off in jobs, investments, and taxes. So, you know, you would think. I have a saying down in South Florida, common sense is so common why does no one down here have it. But, you know, there was a time truly when I could see people that were running for office having common sense in realizing they could call it their program, nobody cared as long as they continued to do something that was beneficial. And I think those people did. And then it was followed by Don Sundquist and Governor Bredeson kind of, you know - Governor Bredeson was so far out of my league and far as his thinking process he was into, you know, all sorts of other things. But it was always about the jobs and Tennesseans improving the quality of life.

Patrick Ryan [00:37:06] And as a result, somewhere in the Tennessee Economic and Community Development Department, there's a desk with a desk drawer with a map in it that shows Tennessee with this and that plant here and there.

John Gregory [00:37:22] I will, you know, I'd like to find that. See, I gave all - I had a box of - oh, I gave a lot of stuff to Leigh, Leigh Wieland, who you've talked to, and she went ahead and passed it down to the people that were supposed to be interested in keeping it. And I'm not sure they were. But I'm thinking the state of Tennessee probably has a record of that because I've had it printed so many times in this ...

Patrick Ryan [00:37:53] I suspect that they have a new map updated with the latest deals.

John Gregory [00:37:59] You know, I don't know, is anybody still doing it? You know, I think one thing we lose track of is it, you know, God said, Love, love the world. He didn't send a committee and it takes like one person really doing it. You know, we had that one person. I'm not sure. I'm not sure if that person exists anymore. I think they have general ideas, and maybe it's not so important. Maybe we're so far past all that that, you know, the particulars are not quite as important as they were, but I could certainly see the progression from when I came in with, you know, six, seven, eight companies up to almost a 170 with billions in investment. I mean, you could - I'm glad I was there then. I'm glad I was there then.

Patrick Ryan [00:38:52] Now we have a consulate in Nashville, the only international consulate in the state, and it's the Consulate of Japan. Do you have any thoughts on the significance of that move?

John Gregory [00:39:05] Well, yeah. I mean, he was in New Orleans and they moved to, he moved to Tennessee. There was a lot - there was more business coming to Tennessee. They were having a lot more - their business as a consulate was becoming more and more busy with people from Tennessee, you know. Tennessee was part of the Consulate of New Orleans because we were on the Mississippi River, back when those things were drawn and the quickest way would be right up the Mississippi. I mean this. Anyway. It's interesting how things are divided at all.

Patrick Ryan [00:39:52] But it does reflect the impact the Japanese business in the state of Tennessee.

John Gregory [00:39:57] Exactly, exactly. Yeah. Because they had many more people in Tennessee to deal with than they did in New Orleans and Louisiana.

Patrick Ryan [00:40:06] Well, now let me ask you about the Japan-America Society of Tennessee, JAST. You were probably around when it started to get off its feet. Can you give just a couple of comments about what it does and its evolution?

John Gregory [00:40:21] Yeah, we kind of - it evolved out of the 1996 meeting in Memphis. And one of the things that the governor at the time - Sunquist - was promising was to reinstate the Japan-America Society of Tennessee and becoming that designation. That's a national designation. We were the Japan Society of Tennessee, at one point announced the Japan-America Society of Tennessee, so you have to jump through hoops to do that and also become a 501c3. So that was actually done and accomplished shortly after the '96 meeting and Arnold Pearl, who was a big participant in that meeting, particularly with the fundraising. He was driving that effort all the way. And so that happened shortly after that meeting, and then from there it's been through - I hired the first person in that job and then the second person in the job was Leigh Weiland, who I worked with for years. And so she and I work well together, and I was - I was there a lot driving with her all over the state trying to pick up interest in getting people signed up to support that Association. So now it's become kind of its own entity with a fairly good-sized budget.

Patrick Ryan [00:42:06] Doing good things, the festival in Memphis and the cherry blossoms and this project to talk to you.

John Gregory [00:42:13] Good educational things. Yeah. And there was a point when I thought about it, when I retired, I thought about - Leigh was saying, well when do you want to take over? Anyway, it was becoming the biggest, busiest part time job in history, and Leigh was so phenomenal at it. You know, Leigh was willing to give - I suspect Lee of being a vampire of some sort because she works all night long and she likes to rest during the day. But she's done such a phenomenal job with tapping resources and bringing people together and matching that source of great calling. It is.

Patrick Ryan [00:43:00] Well, John, thank you so much for your time today. We really appreciate your reflections on how the business grew. You were there at the start and gave us some great insights and perspectives. We've been talking with John Gregory. He retired in 2006 as the Director of Asian Development at the Tennessee Department of Economic and Community Development and he served there from 1977 to 2006. And he's been kind enough to talk to us today about the initial Japanese corporations coming to Tennessee, the impact they had on communities and bringing jobs and other resources to Tennessee. And John, thank you so much for your time.

John Gregory [00:43:43] Thank you. Appreciate it. Enjoyed it.