



# Culture Catalyst

**L**AURENCE W. BATES'S RISE TO THE POSITION of General Legal Counsel of Panasonic saw him master two of the most challenging languages, Mandarin and Japanese; de-risk GE's business in Asia and elevate the legal and compliance function of two of Japan's greatest corporations, Panasonic and Lixil. His career has spanned Japan, China and the US from the early 1980s to today—decades of extraordinary transformation and change.

Indeed, he was more than part of that change, helping to lead corporate Japan to a new age of transparency and diversity. Prior to working in Japan

The day after his retirement as General Counsel for Panasonic, **LAURENCE W. BATES** talks to Brunswick's **DAVID ASHTON** about his personal stake in transparency and his long career bridging cultures.

for GE, where he worked for a total of 22 years, Bates was a lawyer in China at a New York-based law firm. It was during this time that he also met the man who would become his husband and with him, adopted two children. As a gay man with a family, he became part of the trailblazing movement remaking corporate life around the world.

Bates served at Panasonic since 2018, as Chief Compliance Officer, Chief Risk Management Officer, General Counsel, Managing Executive Officer and Director. The day after his official retirement as General Counsel and a few weeks before his replacement on the board was to be confirmed at the AGM,

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as he was getting ready to return to the US where his family is now based, he took a moment with the *Brunswick Review* to reflect on his lifelong work of bridging cultures and to imagine the road from here.

Larry Bates had a curiosity about the world beyond US borders even as a young man in the small town of Mystic, Connecticut, collecting postage stamps, learning the geography and history of foreign lands, closely following the visits to a then-isolated Communist China by US President Richard Nixon in the 1970s. By his early teen years, Bates knew not only that he wanted to study the Chinese language and culture, but that he needed to do that at Yale—one of the few schools that offered an intense Chinese studies program. It was a dream that seemed out of reach to his parents. His father served in the Coast Guard and his salary didn’t provide room for many luxuries, let alone an Ivy League education.

“They didn’t think we would have the money to go to a place like Yale,” Bates says. “I really kind of explored it all on my own, looked for scholarships, what have you. I was determined. I thought about going internationally and in some ways, as far away as I could go, from almost the earliest time.”

Needless to say, Yale is exactly where he went, and from there to Wuhan, China in the early ’80s, where he taught English as part of a restarted Yale program. This was China under Deng Xiaoping, just beginning to open to the West after decades of isolation. China’s universities had only recently reopened after the Cultural Revolution closed them for 10 years. Bates was one of only a handful of foreigners on campus.

“Wuhan University had a beautiful campus with cherry blossoms, which had been actually planted during the Japanese occupation,” Bates recalls. “In the rest of the city you would never see a foreign face. People dressed all in gray or blue or Army green. The women, the girls, had long braided hair. You could not just casually find a restaurant to go out and eat at after say 7pm.

“I’ve stayed connected to China through all of my career and it’s just amazing, good and bad, to see how things have changed. About ’87 to ’89—I went to Beijing and was there for the Tiananmen uprising. Just in those less than 10 years since my time at Wuhan, things had already changed dramatically. Today they’re in many ways unrecognizable.”

An offer from GE in 1991 allowed him to bring his legal, communications and cultural skills to bear in the context of organizing the legal and compliance structure of a global company. In that position, he found a role that he would occupy at both American and Japanese companies for the next 30 years.

“I was very attracted by the idea of being close to the business, and building something from within, and being close to the decision makers.”

GE proved pivotal. There he was guided by Ben Heineman, an almost legendary figure in the corporate world who was then Senior Vice President-General Counsel and later Senior Vice President for Law and Public Affairs. Heineman also served as assistant secretary for policy at the US Department of Health, Education and Welfare and was a senior fellow at the Kennedy School’s Belfer Center for Science and International Affairs.

“He really made the case for all American companies, and then increasingly global companies, about what an in-house legal team should look like, and what they should do,” Bates says. He also credits his first boss at GE, Swedish executive Göran Malm, with helping him learn the ropes as the pair worked over seven years on 14 acquisitions and joint ventures for GE across Asia. “It was like an extended business school, with him at the helm,” Bates says.

His work at GE was noticed by other companies operating in Japan and in 2014 he was invited to join the Japanese materials group Lixil as its Chief Legal Officer. In 2018, at the age of 60, he joined Panasonic, a company in the process of a major restructuring away from its personal electronics. Internally, the company was also moving toward a greater diversity of talent for what had been a traditionally Japanese enterprise.

As a non-Japanese lawyer in two Japanese companies, his role was not to remake them to follow a US model, Bates says, but to help them achieve the accountability and transparency they would need to compete in changing international markets.

“There wasn’t so much litigation in Japan compared to the US,” he says. “People sort of did things on a handshake or a bow in those days, even when it came to contracts. So there wasn’t an immediate recognition of the need for sophisticated legal counsel. But the reality has sunk in, at different points for different companies, that if they’re going to be global, they’re going to have all these same issues as US companies. They have to be much more sophisticated.”

Over the course of his career, he’s seen significant culture shifts. The evolving global regulatory landscape includes a growing focus on cartels and competition law, of concern to any company operating internationally. But it also includes rising pressures on corporations to respond constructively to environmental concerns and the social concerns of equality in treatment and opportunity and human rights concerns that stretch deep into supply chains.

While these concerns are being addressed by leadership, Bates says, they have yet to be fully embedded into all the decision making, which must happen to earn the trust of all stakeholders.

In the path toward that goal, core issues of compliance, accountability and transparency serve as a sure vehicle. Those have been his focus and as he leaves his position at Panasonic, he says he's pleased with his accomplishments and optimistic for the future of the organization.

"I would say my two biggest priorities from day one were: how to create a legal and compliance infrastructure on a global level, and a culture around that. Obviously that's not something that happens in four years, or maybe 10, but I think in terms of putting together the elements of a global compliance program—a unified global hotline for whistleblowing concerns; global, not local, policies in each of the risk areas; an investigation mindset, learning from the results of those investigations and making improvements in process; assigning responsibility through appropriate disciplinary structures—we made progress on all of those things, creating ownership in a more positive way. To me, that's kind of the bread and butter of how to create that global compliance infrastructure.

"The other of my priorities was people, the team, building the right combination. I learned from Ben Heineman that you almost have to create a law firm within the company, with the right combination of specializations in these areas who support everybody and generalists who really understand the business that they're supporting. Of course, that's a never-ending process. But that's what I spent my time on."

Bates says he can't claim to have been a visionary as an advocate of LGBT issues in the workplace. Rather, his openness evolved slowly. However the result, he says, was that he felt more authentic as a leader, knowing his marriage was accepted.

"Certainly by the time our first son was born in 2011, there was no doubt that we were totally open as gay parents, for the sake of the children as much as ourselves," Bates says. "We popped open a bottle of champagne in June 2013, the year I was leaving GE, when the US Supreme Court overturned the Defense of Marriage Act and recognized retroactively our 2008 marriage in California.

"I grew up in an environment where I could not acknowledge myself or talk about these issues. It took me many years, even in a Western context, to be able to do that. So, Japan is not completely unique in that regard. But it is the reality that as the world has changed, most of Europe and the Americas have

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moved to recognize same-sex partnerships—generally, moving in a positive direction. Here, we still don't see those types of legal changes.

"Part of the problem is that in Japan, even for a straight couple, you don't talk about your family relationship very much in a Japanese company context. It's kind of, to a large extent, separate worlds."

That lack of openness affects LGBT employees more strongly, he says, and their contribution suffers as a result.

"How I talk about my personal life, in a way that's credible to the people who are working for me, that affects my influencing skills and people's level of trust in me as a leader," he says. "The fairness aside, I think companies are probably relying on people who cannot feel comfortable being who they are and cannot contribute their great ideas as the companies need to change."

Japanese businesses are slowly coming to a recognition that diversity is crucial to any transformation, he says. But without "a strong legal driver," it remains a question of mindset rather than policy.

"There's a much greater awareness and understanding than there used to be when I first came to Japan," Bates says. "But I don't think that's translated yet into enough concrete policies that require progress or laws to actually make it happen. As a result, ahead of regulatory policy, we're starting at the company level, as I see in those I've been working in."

Bates is in the process of relocating to the US, where his family has been based since last year, and eyeing his prospects for the future. As he sees it, that future is likely to involve China and Japan.

"As somebody who loves cross-cultural interaction in the business world, I want to be where I can continue to contribute," he says. "What I see going on in the world right now is dismaying in many respects. I understand why people would talk about things like decoupling. But personally, I don't think that's possible or wise because from a business perspective, whether you're a global Japanese company or a US company or a European company, China is a reality that is going to be there. We may have a responsibility to figure out how to address the social or human rights policies we don't agree with. But I don't think it's going to be in our own interests to decouple and lose scale.

"So personally, what does that mean for me yet? I don't know exactly. But I want to be engaged from a business perspective in some way."

**DAVID ASHTON** is a Partner and founded Brunswick's research arm Brunswick Insight in Asia. Formerly in Hong Kong, he is now based in the firm's Tokyo office.