

INTERVIEW WITH DOUGLAS G. PARKS: DOWAKSA'S JOINT VENTURE PARTNERSHIP

In this interview with TPQ, Douglas G. Parks comparatively approaches Turkish and American cultures, and underlines how differing cultural norms should not lead to a biased perception of the other. He moves on to state that the US and Turkey must approach one another through a wider lens of mutual respect and understanding in order to maintain good relations. Furthermore, Parks puts forth his opinions on how to strengthen business ties between the US and Turkey, to ways of improving renewable energy sources in Turkey. He explains the key components of DowAksa's successful joint venture partnership and elaborates on the company's manufacturing capabilities, in addition to its endeavors in the renewable energy sector.

Douglas G. Parks*



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As an American businessperson based in Turkey, you must have had the opportunity to observe the personal and professional values that are embedded within Turkish and American cultures. How would you compare these intercultural and intersocietal variances?



When posed this question, I often relay the following example: When an American sees someone walking towards them on the street they typically wave and say “Hello”, even if that person is a total stranger. It is our American cultural norm, and is meant to recognize strangers. This is not typical in Turkey— which leads most American visitors to assume that Turks are not friendly. This is so far from the truth. Greeting a stranger is just not a cultural norm here. However, the almost universal response in Turkey when greeted is a friendly nod back to you (recognizing your greeting). My experience in Turkey is that the people are very genuine, extremely friendly once they know you, and very loyal to their friends.

Which common values do you think would be in the forefront of efforts to strengthen the bond between these two countries?

Everything begins with mutual respect, a willingness to embrace and celebrate our differences and our respective cultures. If you view the other side through your narrow cultural lens, you will never appreciate the relationship, whether personal or professional. I suggest to every visitor to Turkey to first learn the history of the region. The region now called Turkey is an amazing geography at the epicenter of the history of our world, and its people are a unique blend of this historical and cultural diversity. The United States and Turkey have been friends and allies for over 60 years now. Like any relationship, there are times of turmoil and disagreement, but I believe by listening to each other through a broader lens of mutual understanding, we will continue to be strong partners.

As a businessperson who has worked in Turkey and in the US, how do you evaluate government support and incentives in both countries?

Prior to joining Dow in 2010, I had more than 25 years of experience in the US Military and in senior business development roles working for the State of Michigan.

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In the USA, each state or region competes with the other 49 states, as well as foreign competition, to not only win new business but to retain the current ones as well. Customer service, as well as reducing “red tape” and streamlining processes, is a key way to differentiate yourself to recruit companies considering investment. Although the Turkish Government develops world class incentive programs, they struggle in the implementation phase and in the reduction of “red tape”. This creates uncertainty and decision-making delays within the business community, which is never a good environment when investments are being considered and competition from other countries is keen. This needs to be addressed. I would also suggest that Turkey continues to emphasize “local content” provisions in their tender processes to advantage local suppliers, develop robust supply chains, as well as incentivize local investment and create jobs. Whether in the USA or Turkey, it is ultimately all about direct and indirect investment and creating jobs for our growing populations.

DowAksa is an exemplary case of a thriving 50/50 Turkish-American joint venture, which now brings one of the most strategic products in the world preferred by global companies to Turkey. Could you explain to our readers about how the joint venture between Dow and Aksa Acrylic was established? What new manufacturing capabilities and expertise does Aksa Acrylic offer Dow?

DowAksa is a 50:50 joint venture between Aksa, the world leader in acrylic fiber, and Dow, a leading global materials science company. I was the team lead for Dow during the initial negotiations that resulted in the formation of the JV in 2012. As a certain type of acrylic fiber is the raw material for carbon fiber, the value proposition for the potential joint venture was clear. Aksa is the world’s largest acrylic fiber manufacturer, with unequalled infrastructure and capacity. Since the large volume of target markets in the wind energy and automotive sectors were forecasted to require substantially more carbon fiber than that existed in the market, Aksa was the ideal partner to enable the lowest cost production and allow expansion opportunities to meet these market demands. Finally, Dow provided the differentiated chemistry and market channels to rapidly access these markets using existing product lines and sales channels. Combining all this with Dow’s materials science expertise as well as its global reach, DowAksa is now one of the few fully integrated solution providers

in the market, and has placed Turkey among the few carbon fiber manufacturer countries in the world. Carbon fiber is used for lightweighting, while simultaneously improving the strength and stiffness of the final product versus competitive materials like steel and aluminum.

What unique advantages does Turkey offer to US companies?

Produced by DowAksa in Turkey, carbon fiber is a strategic product used in large scale industries like aerospace, defense, infrastructure, automotive, and renewable energy. In DowAksa's case, we received early funding from the Turkish Government to develop unique products to satisfy the Turkish domestic need for higher performance fibers within the defense and aerospace industries.

In terms of leveraging the US' approach towards corporate governance, what business skills do you think should be transferred from the US to Turkey that will allow more Turkish companies to enter global value chains?

I think Turkey has already made great progress in lean, low-cost manufacturing that integrates well with most global value chains that require just-in-time (JIT) supply. Tying into global US supply chains requires strict adherence to supplier codes of conduct, an understanding of US federal regulations, end-use certification, etc. Turkish Companies seem to be able to adapt well to these environments.

Having already been involved with innovative and upcoming industries, such as the renewable energy and aerospace sectors, what are your future objectives for the venture?

DowAksa intends to expand rapidly to meet the growing demands of the developing wind energy and automotive markets, as well as continue to develop high performance products focused primarily on Turkey's domestic requirements for the defense and aerospace sectors. From 2016 to 2020, we have more than doubled the size of the joint venture, both in revenue and in employment, and aim to further grow in the aforementioned sectors.

DowAksa is a company that aims to be environmentally conscious for the benefit of its shareholders. Besides environmental concerns, what are the driving forces behind businesses shifting to renewable energy from fossil fuels? What do you foresee in the future of companies that do not adopt sustainable standards and eco-friendly regulations?

Companies target the renewable energy sector because of the significant growth opportunities provided, especially in manufacturing. The supply chains required for the production of wind turbines, solar panels, geo-thermal solutions, etc., provide significant growth opportunities for innovative companies. Governments should aggressively focus on renewable energy not only because of environmental concerns, but also because of the significant employment and investment opportunities it fosters. It just makes business sense! I learned this in Michigan where I led business development. We identified alternative energy sources (lithium ion batteries for transportation and grid storage, wind turbine components manufacturing, solar panel materials and manufacturing, etc.) as a key diversification strategy to re-employ skilled auto workers who were being released because of the down-sizing of the auto workforce in Michigan. Again, it not only satisfied the need to diversify away from fossil fuels, but also promoted significant investment, job retention, and growth.

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According to the OECD and the IEA, despite Turkey increasing its share of renewable energy in total supply by 12 percent from 2005 to 2016, it is stated that “the rate of increase has proved far from satisfying.” How do you think Turkey can attract more investment from renewable energy companies for its potential in this sector to be realized?

Although the majority of Turkey’s energy is still obtained from fossil fuels such as coal, oil, and natural gas, renewable energy sources will continue to play a critical role in reducing this dependency. Turkey, thanks to its geographic location, has the opportunity to benefit from all renewable energy sources. This includes hydro, wind, and solar power. This diversity of options in Turkey compares favorably to the European Union countries. If Turkey focuses aggressively on renewable energy, in the form of higher renewable energy portfolio standards, then it could be a leader. Additionally, Turkey should focus on “local content” requirements in their tender processes. This will ensure the impact of renewable energy installations to not only be seen as cleaner air and water, but also as the creation of local investment and high value jobs.

DowAksa is one of the companies that helped launch the Institute for Advanced Composites Manufacturing Innovation (IACMI), a public/private partnership

of industrial, governmental, and academic institutions that aims to accelerate the adoption of carbon fiber composites. What are your thoughts on these kind of partnerships in relation to Turkey's energy infrastructure, especially as a developing country?

The Institute for Advanced Composites Manufacturing Innovation (IACMI), is a consortium established by composites-related businesses, academic institutions, and government organizations working together to benefit America's energy and economic security. I helped develop the original business model for the Institute. The concept was to bring federal and state funding to ease the logistical burden on entrepreneurs, matched by corporate funds, and to deal with key challenges facing the industry that require dollars and/or technology to bring them to market. With public and private partnerships (PPPs), there's the benefit of companies bringing cutting-edge technology to the table for new investment areas. Policies developed by governments will work much better if other key stakeholders, e.g. universities and private companies, achieve synergy among themselves and work together. Turkey has a great opportunity to bring the same concept to the energy sector, with a key focus being not only the development of cutting-edge technology, but also the development of key supply chains.

Over the past years, DowAksa has been granted many prestigious awards for its innovative projects. In light of the company's recognitions, how would you evaluate Turkey's capacity to produce technologically advanced products?

Turkish companies are developing, producing, and exporting more advanced technology products than ever before. We, as DowAksa, have been awarded many times for our innovative projects in different sectors such as defense, aerospace, and infrastructure. For example, the IPEK Project, an advanced carbon fiber-based technology development collaboration supported by the Undersecretariat of Defense Industries (SSM), and jointly conducted by DowAksa and Turkish Aerospace Industries Inc. (TAI), was awarded the Technology Development Award by the Turkey Defense and Aviation Manufacturers Association (SaSaD). DowAksa was also named the winner of the JEC Innovation Award in the "Repair" category for our "Full-Scale Site Testing of Seismic Retrofit". The test, which is the first test in the world of its type, demonstrated how a conventional building can be retrofitted with carbon fiber to withstand strong seismic forces.

Prior to joining Dow, you were a US Army Intelligence Officer. With more than 25 years of combined experience, both in the military and private sector, how has your military background affected your leadership style? Are there any

specific instances that you could tell us where you experienced the advantage or disadvantage of a background different than business?

In the military, you learn to assess situations quickly, take into consideration all available intelligence, and to accordingly make an informed decision. Time can be a critical issue, so “analysis paralysis” can have major consequences. In business, it sometimes feels like not making a decision is a preferred route to avoid risk. This can be frustrating for someone with my background. Luckily, most senior Turkish executives are internationally experienced, and are quicker to make strategic decisions than some of their Western equivalents.