STUART MULLENBERG

How karate taught world-famous sauce king Junki Yoshida everything he knows about building a $180 million empire — and facing his demons.

Wearing a white hairnet that makes him look like a French chambermaid, Junki Yoshida stands in his Northeast Portland factory, gazes up at a colossal vat filled with 9,000 gallons of sauce, and shakes his head.

"Twenty-five years ago, we pour each bottle by hand — my wife label each bottle," he shouts over the hiss of steam and the tangy scent of barbeque. Today the bottles move along an assembly line like an endless parade of soldiers marching off to the market at a rate of 120 bottles every minute, roughly 50,000 a day.

"It's amazing," he continues, striding through a maze of catwalks and dodging a forklift. "It's not like it's a-real. It's a-weird. They moving so fast!"

Without question, the plant is a marvel of automation. But it is no less astonishing than Yoshida himself. The Troutdale tycoon is a tsunami in a business suit. Standing 5-foot-4 and weighing 220 pounds, a seventh-degree black belt, he has the build of a wrestler, the charisma of a carnival barker and the soul of a dealmaker. His quirky staccato English is a language unto itself. At 56, he claims to be retired, but the truth is that he's busier than ever.

Look around — Yoshida is everywhere. Grinning from the grocery shelves of your local supermarket. Cooking up mischief on KGW-TV. Shipping packages for Nike. Sitting on the Port of Portland Commission. Selling Prison Blues jeans. Redeveloping downtown Troutdale. Building lodges at Government Camp. He owns a gallery in the Pearl and is a major contributor to Sand in the City, the sand-sculpting fundraiser that transforms Pioneer Square every summer. Snowboards, golf bags, water-ski gear: You name it, he makes it. All together, his Yoshida Group rang up revenues of $180 million last year.

Capping a career of long shots, Yoshida's latest venture is characteristically quixotic. In May, he opened RiverView, an upscale Asian-infused restaurant on the bank of the Sandy River in Troutdale.

He's a major contributor to Gov. Ted Kulongoski, supports several local charities, and he is behind the secession talk that keeps bubbling up in east Multnomah County. Last year, *Newsweek* ranked him among the 500 most influential Japanese figures in history. Not bad for a Kyoto street punk who came to the United States with $500 in his pocket and a dozen words in his vocabulary.

"Junki is one of the most remarkable people I've ever met," says former Gov. John Kitzhaber, who took private karate lessons from Yoshida. "I've learned a great deal from him. He's someone I admire. He's a hard-nosed businessman. But he's also a free spirit."

Mr. Yoshida's rules

By Chris Lydgate

"He's charming, persistent and cagey," says port commission president Jay Waldron.

"He can be extremely charming," adds developer Brian Lessler, another former student. "But he can be extremely tough."

What's his secret? Yoshida's answer varies, depending on the time of day. Luck. Hard work. Determination. The usual platitudes. But if you probe more closely, it becomes clear that Yoshida's success largely is built on rules he learned from karate. Karate taught him how to channel his anger. Karate taught him persistence. Karate taught him to know his weaknesses. Karate taught him to use his connections. Yoshida adapted these lessons from the martial arts to the marketplace, and in doing so, turned a mom-and-pop venture into an international business empire. He also learned how to overcome his toughest adversary — himself.

It was one in a million. Two kids in Kyoto playing around at home while their parents, both Korean immigrants, were at work struggling to support the family. His sister pricked him in the eye with a sewing needle. He wailed and fussed but couldn't make his mother understand him, and his sister didn't volunteer anything. Within a few days, his pupil clouded over. Before long, he was blind in that eye. Doctors said there was no hope of recovery. His mother even took him to a Billy Graham crusade in Tokyo, hoping for a miracle. It never came.

The problem was not so much that Yoshida went half-blind at the age of 3, but that his eye was a social disfigurement. It made him stand out in a society that prefers blending in. During an interview, Yoshida obligingly removes a tinted contact lens and drops it in a glass of water, where it flutters to the bottom like a drowning ladybug. Then he stares at a visitor with his cold dead eye. The effect is somewhat unnerving. "It's a little creepy for a kid," he shrugs.

Yoshida was relentlessly teased at school. Freak, they called him. One-eyed Jack. He burned with shame, a shame that hardened into rage. His hot temper constantly landed him in confrontations, but he didn't know how to defend himself. After a bigger boy pummeled him with a baseball bat, he took his first karate class. "They beat the shit out of me," he remembers. "I was cocky. Oh, they whip me so hard. They knock me down. I get up. They knock me down again. I get up — down! Up — down!" The angrier he got, the faster they pushed him back down. Finally he realized that he could only succeed by turning his fury into determination.

Rule No. 1: Channel your anger.

"You need some anger," he says. "Everybody need it. Entrepreneurship comes from anger. Not from, 'I love the system.' Those people never create a business. To be an entrepreneur, you gotta say, 'I can do better than those guys.'"

By the time he left high school in 1968, Yoshida was a second-degree black belt, but he failed his university entrance exams. Instead of taking a dead-end job at a steel mill, he defied his family's wishes and bought a ticket to Seattle, vowing not to return until he made something of himself. He soon discovered that America was not the land of milk and honey. Before long he was living in an old Plymouth Valiant and eating 24-cent cheeseburgers. He found a job as a gardener, working for $60 a week under the table, until an immigration officer noticed calluses on his palms. Determined to avoid the humiliation of being deported to Japan, he prevailed on the officer to grant him a green card so he could study English.

"In my life, anger become power and energy," he says. "When you get pissed off, what do you do? Some people just accept it. Some give up. Or you can say, 'Damn it, watch me. I'm gonna bounce back."'

In 1981, Yoshida was running a karate school in Beaverton, married with two girls and another on the way. Struggling to make ends meet during a brutal recession, he and his wife, Linda, brewed a batch of sauce from an old family recipe and handed out bottles as Christmas presents for his karate students. The students liked the sauce so much they wanted more. Did they think he was made of money? Christmas only comes once a year, Yoshida harrumphed. Then a thought struck him like a kick to the face: Why not sell the sauce?

At night, after his karate classes were over, he went downstairs and brewed sauce in a 50-gallon barrel. He and Linda poured it into bottles by hand and stacked them in cases. The big problem was reaching his market. Grocery stores — especially the big chains like Safeway, Thriftway and Albertsons — were notoriously hard to break into. Shelf space was short and they were constantly besieged by vendors with new products. They weren't about to stock a barbeque sauce from some crazy karate master from Beaverton.

Finally, he got a break. The manager of a local Albertsons agreed to let him do an in-store demo over the weekend. In return, Yoshida would give Albertsons 35% of every sale he made. He drove into the parking lot that Friday with 20 cases in the trunk of his car. He stood at a little table for the next four hours, trying to get shoppers to buy his sauce at $3.50 a bottle.

He didn't make a single sale.

"I come home so depressed," he says. If he could get the shoppers to try his sauce, he thought, they might buy it. But how to get their attention? The next morning, he showed up at Albertsons in

an outlandish costume — a Japanese kimono, wooden shoes, and a Stetson hat. This time he stir-fried pork and chicken with his sauce until he stank up the whole store. He turned up the charm, calling the housewives "Mama-san" and dishing out jokes in his fractured English. By Sunday night, he had sold 20 cases of sauce and the high-octane slapstick persona of Mr. Yoshida was born.

Rule No. 2: Be patient and not discouraged.

Persistence has paid off for Yoshida on many occasions since then. Once he broke into Albertsons and Thriftway, he tried to sell his sauce through Safeway, then one of the dominant supermarket chains on the West Coast. Safeway's central purchasing team was skeptical. What was his promotional budget? Where were his TV ads? "They told me, 'You shouldn't be here.'"

Yoshida drove home mad as hell, but he wouldn't take no for an answer. Six months later, he came back to Safeway armed with sales figures from the other chains. Impressed by his in-store demo, Safeway finally agreed to stock the sauce. By the end of 1983, he was selling $30,000 of sauce every month.

As the sauce business boomed, Yoshida went on a buying spree. In 1989, he snapped up a 300-acre farm in Gresham and decided to turn the property into a golf course and an upscale housing development. Japanese investors, flush with cash from the Tokyo real estate boom, lined up for a shot at the deal.

What Yoshida didn't realize is that building a course involves a lot more than sprinkling a few barrels of grass seed. The project required moving a million cubic yards of earth and felling truckloads of trees. He wrangled with the city of Gresham over a new water reservoir. Work dragged on into the fall. Then into the winter. Every night, Yoshida came home — his house overlooked the course — and stared out his front window at the storms washing away the topsoil, churning the site into a quagmire of mud and despair. "I could see the money draining off the site," he says. "It was a disaster." He was paying $50,000 a month in maintenance alone. Worse, most of his investors had been hit by the collapse of the Japanese real estate bubble.

Work on the course ground to a halt in the summer of 1991. Yoshida was out of money. He had taken every nickel from his sauce business and sunk it into the golf course — and still came up short. His mistake was in failing to anticipate the challenges of golf-course construction. "The bottom line is this," he says. "It's my fault. It's my project. I manage the construction. I don't pass on blame to anybody."

Rule No. 3: Know your weakness.

Yoshida was so disconsolate that he sat in his living room and put a .38 pistol to his head. "It was a pitiful moment," he says. He held the gun at his temple for several seconds before the fear of abandoning his family jerked his hand away.

Yoshida finally sold the project in 1992 to a Japanese buyer at a loss of $3 million. "I felt disappointment because I failed my project," he says. "But mostly I felt relief."

It was a crucial lesson. Years later, thanks to a partnership with Costco, Yoshida's sauce was sold up and down the West Coast and as far east as Texas. Nonetheless, distribution and promotion remained the weakest links in his business. He was still frozen out of several supermarket chains, which demanded placement fees in return for stocking his products. After a hallway encounter with a Heinz executive, Yoshida found himself meeting with Heinz CEO Joe Jimenez, who was anxious to expand his product range. The offer was straightforward: Yoshida would keep making the sauce, but henceforth Heinz would sell it.

Yoshida was loath to surrender control over such an important part of his business. But he also realized that Heinz's marketing muscle — its sales force was over 200 strong — could crack markets he could never broach on his own. "Karate taught me to be humble enough to admit your weakness," Yoshida says. "Then you can move aggressively to fix it."

Entrepreneurs such as Yoshida are often referred to as self-made men. But the truth is that in business, no one flies solo. Yoshida's success has been made possible by a remarkable network of connections — connections painstakingly cultivated over many years, especially among his karate students.

Rule No. 4: Use your connections.

"From karate I never make any money," he says, chuckling. "But I make lots of friends."

Back in the '70s, a karate student who was a judge helped Yoshida get a job training officers at the Portland Police Academy. A student who worked in real estate helped Yoshida buy his first karate school. Another helped him obtain a small business loan. Another introduced him to the Multnomah Athletic Club, where he was hired as a karate teacher and made further connections to Portland's movers and shakers. Some of Yoshida's more prominent students have included defense attorney Norm Sepenuk, rug merchant "Carpet Carl" Skoro and downtown fashionista Mario Bisio of Mario's.

Students poured vats of sauce into bottles in the basement of his dojo. Students lent him money to finance his fledgling business (banks refused to get involved in such a risky project). Students helped him win contracts at Nike.

Whenever he needs help, whether it be selling a half-finished golf course or trying to open a restaurant on schedule, he turns to his students.

"Karate people help each other," Yoshida says. "It is a deep friendship — sometimes almost spiritual."

For most entrepreneurs, ascribing a spiritual dimension to their personal network is a little far-fetched. But it's easy to see the power of connections on the purely physical plane. One of Yoshida's most important positions is his seat on the Port of Portland Commission, which gives him enormous influence over a key economic engine. How did he obtain that position? He was appointed by a student of his — John Kitzhaber.

The tournament on this gusty spring morning is a whirl of white kimonos cinched with blue belts, brown belts, and black belts, hundreds upon hundreds, all gathered inside the gymnasium at Gresham's Mount Hood Community College. Over here, grade-school girls spar with kicks and battens. There, two black-belts trade punches over savage yells that could blister the paint from the walls.

At the head of the giant hall, a squat, heavyset man sits at a folding table, his powerful figure camouflaged in a blue blazer and creased gray slacks. Yoshida is the leader of the Japan Karate Federation Northwest, which is sponsoring the tournament. He is surrounded by a swarm of officials, assistants, students, parents, friends, admirers — there's even a film crew for a Japanese TV show.

One after another, young students jockey for position around his table, hungry for his attention. They want to learn his secrets. Yoshida leans back, takes a sip from a bottle of water, and looks each one up and down. Years ago, a Buddhist monk told him that God had taken his eye and replaced it with a special talent — the ability to see inside people.

He uses that talent now. He searches for the right words, words to reassure, encourage or even inspire them. He wants them to succeed. But he knows that success is not something you can bottle. It's something you must fight for, one move, one fall, one bruise at a time. OBM

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