

Japan – innovator or Copier?

By Mike West



Japan - Innovator or Copier? Four weeks ago, I ventured back to Japan after some years and took my fourteen year old son to visit a very important person who I grew up with at Xerox - when we were twenty five year old tigers. Those were the days when in order to establish the size of the marketing budget, my boss was sent to Rochester, New York to find out how they arrived at the budget. "We don't have a methodology Ed, said the VP. We just spend the \$18m!" That was a large sum for a new company.

Investing in people, our joint venture partner Fuji Xerox sent a young man over to work with us in London for two years. His first step was to buy an MG. What class! Recently, he retired as President of Fuji Xerox and we went to stay with his family whilst I did some

business. Having the "big cheese" show my son around Tokyo was a treat.

From the perspective of our family links, we had the privilege of attending the re-statement of the wedding vows of his daughter and her husband. I had given her away at the London wedding five years ago and it was a privilege to meet all her family in Tokyo to see the ceremony again.

I wondered how we would regard Japan after the media had sought to destroy its reputation for the last ten years, writing it off as a

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negative GDP scene and the stock market being one quarter of its 1990 value. As I expected, the actuality was entirely different.

Average pundits are forecasting average GDP growth at 1.9% this year, falling to 1.6% in 2011 (clearly nonsense) and net debt is somewhere between 120% and 180% of GDP depending on whether you read the Telegraph or the FT on March 8th and 9th respectively. It is therefore fighting with Greece to be top of the debt table. However,

industrial production was actually up 31% this April and unemployment is 4.9% - not bad at half our rate for 100 million people.

The nation is bustling, growing and working hard as usual. People in large masses, moving about narrow streets and shopping malls in highly orderly fashion and politely giving way to each other and to us. Bureaucracy it may be to a certain extent but no crime, extraordinary high education standards and innovation linking the prestige of history to current technology. Trains departing

on the dot at two minute intervals from 4.59am onwards.

The only risk to the pedestrian was the hybrid electric car approaching without sound. They are going to have to fix that with recorded sound emitting from these vehicles to make them safe for pedestrians. Even they suffer from "health and safety"!

I was not sure if I was to learn most from a business perspective or as a tourist. I learned both. The UK has virtually ignored Japan as a

destination for export in the last ten years and also as a tourist attraction. The Japanese love British B2C product and offer an extraordinary cultural alternative to Great Britain. Young people appreciate the uniqueness of British products and I would suggest British product should go and be seen. Check out UKTI.

What is there to learn about business? Is Japan written off? Will it be swamped by the size of the Chinese challenge? I think not. Who is innovating? Rather than copying technology, check out the Nissan Leaf - to be manufactured imminently in Sunderland and check its carbon credentials.

April 1st is the key day in the Cherry Blossom Festival - blooms which are beautiful throughout Tokyo. It is also the first day of the new company working season and start day for graduate employees. All companies start the year on the same day and 760,000 graduates began work that day! Most seemed to be picnicking in the parks the day before as they awaited their first exciting day at work. Even at Japan Airlines which had filed for

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Crisis, what crisis?

Jean Pousson gives some ideas on how businesses can handle scandals and crises

Toyota, Tiger Woods, British Airways, Martha Stewart, BP, the Catholic Church; these all share one thing in common. They have been subjected to crises, bad press and inevitable brand and reputation damage. In the current age of multimedia and social networking sites where all stakeholders have instant airtime, these problems very often get magnified at a rate that all the PR in the world cannot keep pace with.

Add to this the reluctance of executives to act quickly while they consult lawyers and accountants, you have a cocktail for immense damage to reputation. It may have taken years to build up a good brand, but that brand equity can be eroded in five minutes, or altogether destroyed. Hallowed names like Perrier, Hoover, Merck and Ratners come to mind. In some extreme cases executives get executed! (The Chinese dairy industry scandal in late 2008?)

Here are some ideas:

“First get the cow out of the ditch. Second, find out how the cow got into the ditch. Third, make sure you do whatever it takes so the cow doesn't go in the ditch again” was the advice from Anne Mulcahy, former boss of Xerox, as she tried to revive the company's fortunes (The Economist; February 2010)

Sound advice and to be followed in that order too.

React quickly. Speed is crucial. HSBC in the last few weeks, without hesitation, took out extensive newspaper advertisement promising their travel insurance customers that their claims resulting from the Icelandic volcanic eruption would be met. SouthWest Airlines, the pioneer low cost airline, within days of September 11, did not ask for Federal Aid or lament about the future industry woes, but instead promised full refunds to all their customers who did not want to fly again. No questions asked.

The Boss needs to take charge and be visible. Willie Walsh, CEO of British Airways, made himself visible and accessible to customers and Press alike during the entire cabin crew strike

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bankruptcy protection in January, 550 graduates attended the initiation ceremony.

And what product innovation have you been recently impressed with that does not originate from Japan, other than Apple? And it all started with Dr Deming. Still an extraordinary phenomena that the American quality guru first practised his art in Japan which such amazing results. I'll suggest

one innovation for us - the newspapers are stapled together so they can be managed in the trains. High tech!

It's been a long technological journey since copying was the best known Japanese skill in the sixties. They used to say that 40% of Japan's GDP came from UK inventions. I wonder what that percentage is now? And we got back in under an ash cloud that wasn't!

and the Terminal 5 launch fiasco. Sir Richard Branson, upon a rail derailment of one of his trains, was on site within hours. Apologising is ok.

Customers love a redemption story as long as the apology is heartfelt and genuine.

Acknowledge the problem and don't blame other

constituents even if you can. Ford versus Firestone; remember that crisis? First they blamed customers for not driving the cars properly and when that didn't work then they blamed each other. Not smart! I was on a plane recently which had been delayed and before takeoff the captain came in, as opposed to hiding in his cockpit, and apologised for the late departure which had not been caused by an “operational issue” or the perennial late arrival of the aircraft, but by a c**k up from the airline. Laughter ensued and not a single passenger complained. He had been honest and upfront. Not difficult! The story is told about a White House employee who was having relationship issues. Her partner hired a small plane towing a banner which read “Jill please come back. I am nothing without you. Jack”. She didn't! Wrong message! It was still too much about him and not enough about her or them. Lesson? Put the customers first – see it from their point of view. If I am delayed on an aircraft, I have no interest about the Airlines' operation problems. I want to know that you (ie the Airline) cares and I want to know when are you getting me to my destination (and by the way I have also no interest about knowing at what altitude the plane is going to fly!) Good luck.



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