

The Car as a Brand of Japan

By Mike CARVER

Background

The Japanese car industry has grown, in the face of fierce opposition from America and Europe, from near-nothing at the end of the Second World War to become the strongest in the world today.

What has accounted for this success? Is there any quality in it that is uniquely Japanese? Although I have spent a rather long time in the motor industry, most of it during the years of the main growth of the Japanese industry, and have had close links to Japan, at that time I did not give the underlying reasons for its success much thought (a common weakness among those of us from the West?). Nevertheless, with continuing links with Japan, I have been very aware of the worldwide progress of the Japanese car industry. This article encapsulates my conclusions.

The Basis for Growth

As the Japanese success grew, those associated with the Western car industry were genuinely puzzled as to how this growth was achieved. Partly in self-defence, in the early years they ascribed the success to such non-operational factors as: a Japanese government/industrial/social combination (Japan Inc.) that gave the industry an advantage; the use of down-trodden and low-price component suppliers (in effect a manufacturer's subsidy); government manipulation of the yen exchange rate; obscure Japanese company financial and accounting practices that hid the true position (harking back to the wily Oriental?); and various things of that sort. It seemed that almost anything would be believed rather than the fact that the Japanese companies produced cars that customers throughout the world wanted more than those produced by Western companies.

Leaving aside such general factors, what did account for the appeal to customers? At first sight there was little in Japanese cars to account for it – they were generally similar to the mainstream of cars produced all over the world. There was, for instance, no 'Japanese' style. (Earlier I had thought that such a style might evolve, from the base of Japanese domestic architecture, specifically the elegance of the traditional *tatami* room, but this did not happen.) In fact the only obvious 'national' style that existed was that in cars produced in the United States, but this was largely because of their large size aided by the styling (e.g. fins, lavish use of chrome). Even this is now a much reduced national identifier. Nor were there identifiable differences between Japan and the rest of the world in technology. All companies used the internal combustion engine for power, with slight differences, but in this and other systems there was nothing to account for the Japanese growth. Perhaps the introduction by Honda of the CVCC engine to reduce emissions directly rather than by hang-on equipment was an indicator of original thought from



Honda Accord, 1976 – the Accord model subsequently became one of the bestsellers in the United States.

Japan, but it was an isolated example. Car performance and equipment were similarly not different enough to make the cars from any one country, and certainly not from Japan, stand out from the rest.

What then made customers turn away from Western-produced cars to those produced by Japanese companies? The evidence is strong that this was because of two qualities of primary importance to customers:

- Much higher standards of quality and reliability leading to virtually fault-free driving.
- Excellent value for money which Japanese manufacturers offered because their efficiency gave them much lower production costs.

What I find interesting in these qualities – freedom from faults and high efficiency in production – is that they are basic and were clearly recognized as vitally important by all companies in the world. Nevertheless, Western companies, with experienced and able managers, with highly praised management systems (Ford, for instance, was seen as a model for other companies), failed to get anywhere near the standards achieved by the Japanese and do not seem to have had any vision that such standards were achievable.

The evidence for this Japanese performance can be found first, for the higher standards of freedom from faults, in many customer-related surveys, such as the J.D. Power survey in the United States where Japanese cars regularly came at or near the top and second, for production efficiency in the book *"The Machine that Changed the World,"* written by Womack, Jones and Roos and based on a five-year, very thorough study of the Japanese industry carried out under the supervision of MIT.

Freedom from Faults

I had some direct experience with quality and reliability matters, first with Ford and later with Rover. Ford had an extensive and elaborate computer system whereby all faults occurring during the warranty period were analyzed by incidence, cost and time of occurrence. I was responsible for presenting the results, through a series of regular meetings, to the production and design people concerned. Correction programs would be agreed. Reports were made to the very top management. Unfortunately, genuine corrections came very slowly and quality and reliability improved little in spite of all this information and good intentions. The fundamental problem was that to most of the people involved, going through the laid-down procedure was what was required of them – the aim of correcting the fault was not the complete focus of their work. (As an aside, I see this as a great weakness in many Western companies – the overriding

importance of 'doing' is lost in a plethora of procedures.)

My example from Rover concerned a serious difference that arose with Honda, which for a time threatened the relationship between the companies. In the 1980s Rover produced, in one of its British plants, Honda models for Honda to sell in Europe as Hondas. Honda inspected those models at its Swindon inspection center before sending them on to Honda dealers. They found many, many faults on each car requiring much rectification. They reported this to Rover. Rover management, from the Group Chief Executive down, would not accept the Honda findings – they said that the Rover versions of the same model, produced on the same line as the Honda models, did not give rise to complaints from Rover customers and they believed that Honda was greatly exaggerating the matter. Rover even told the British government, Rover's owner at the time, that Honda was causing trouble by this exaggeration. I decided to investigate and had one of my technical departments carry out a special study on the Rover cars. This, done by Rover engineers, showed that Honda was correct – the faults were tiny, but they were faults.

These are only two examples, but I believe they show a fundamental difference in attitude between Western and Japanese companies. The top level of Western management was too easily satisfied with what it was achieving, provided there was no great outcry from customers. I regularly had it said to me, both at Ford and at Rover, by executives responsible for production, by those responsible for sales and also by managing directors – that such and such a fault was not causing customer dissatisfaction, so the company should not worry too much about it. This attitude was, not surprisingly given the lead from above, repeated at the level of those responsible for correcting the fault – they made an attempt to identify the cause and initiate corrective action, but if the cause could not be identified relatively easily, or if the correction was difficult, the fault did not get corrected. The Japanese attitude was completely different. If a fault was identified it was pursued with remarkable persistence until its cause was established, corrective action identified and carried through until the fault no longer existed.

Production Efficiency

In the same way that Western manufacturers recognized the importance of high standards of quality and reliability, so they recognized, perhaps to a greater extent, the importance of production efficiency, but again practice fell far short of such recognition.

One of the features of the Japanese production systems that gave great cost savings was the stock control system generally known as "Just in Time." The advantages of the system lay not only in saving the direct cost of a high stock of production parts. Those stocks had to have storage requiring investment in bigger facilities with higher running costs. There had to be transport from the storage area to the production line so more people and more equipment were needed. Then, at least in some cases, certainly in the case of the companies that were brought together to make up Rover, the installed production capacity was inflated to allow for unplanned stoppages, etc. – so more investment, more space and higher running costs. No Western company had anything like a "Just in Time" system and do not, until they saw it in action, seem to have dreamed that anything like it was possible.

The second part of production efficiency where the Japanese also held an advantage was in the use of people. By dint of rigorously measuring and experimenting with processes, the most efficient system and sequence for a particular operation was established, kept

under review and improved continuously. The results were far better than those in Western companies although Western management did try many of the same things. They just did not carry things out as thoroughly or with the persistence of the Japanese and were satisfied with lower standards.

When the West had recognized the Japanese superior performance, there were wholesale attempts to achieve the same. It was assumed that by copying what Japan was doing, the same results would be achieved. To some extent, this turned out to be true, but many found it extremely difficult. Copying was not as easy as it was all too often assumed. After I had retired from Rover I was a non-executive director of some companies in the car industry. One was a component supplier to Rover. Rover, with a great fanfare, introduced a "Just in Time" production system. However, they continued with their old habit of changing production schedules with little or no warning. They had not realized the need for everybody in the system to work together in harmony. Their attempt failed. My company was also a component supplier to Honda. At first, meeting Honda standards was difficult. However, the senior technical executives spent many hours with their Honda counterparts trying to understand why Honda went to what seemed to be such extreme lengths to attain 'perfection.' Eventually they understood, took the lessons into their company and became a trusted Honda supplier, but it had been a lengthy and difficult process.

From the 'Heart of Japan'?

This article started by stating that the Japanese car industry was now the strongest in the world. This position has come about because Japanese cars have for many years offered the customer two things which the Western companies have not been able to match – great value for money because their cars are produced at very high efficiency with consequently low costs and doing this while achieving high levels of quality and reliability, thus giving the customer virtually trouble-free motoring. The Japanese car is indeed a proud brand of Japan.

A feature of this achievement is that it has come, not by the Japanese inventing some new technology, new materials, new power sources or anything like that, but by their taking existing Western techniques, machinery and processes (particularly processes) and developing them to a level that the West seems never to have thought achievable and certainly could not match. Could only Japan have achieved this? Is there something uniquely "Japanese" in this achievement, something that comes from the "Heart of Japan"?

I am not qualified to answer that question fully, and am inclined to doubt it – after all in other fields Westerners have vision, set high standards (or did so in the past, at least) and work conscientiously. Nevertheless, in the motor industry Western managements were fully aware of the need to excel, but it was Japan that excelled and conquered. Perhaps those qualities necessary for success remain, in these modern times, closer to the core of the Japanese people than to that of their Western counterparts. Whatever the truth, the success of its motor industry has been a great Japanese achievement.

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