

Kaizen of Curry



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From Cars to Curry

Who would think that a Japanese company would look into selling curry in the country of its origin, India! I was quite surprised when I was invited to discuss an India marketing strategy with the president of Japan's largest curry shop chain, Coco Ichiban. When I asked what made him so confident that he could sell curry in the country of its origin, he said the same question had been asked when Toyota considered selling cars in the United States.

This answer carried a lot of weight and made me think about what it is that has made Japan so successful, especially in the last century, in various businesses of a global nature. Japan is well known for its excellent technology, but having lived in Japan for 19 years now, what strikes me more than the technology is the culture of discipline. Japanese people tend to work diligently at their jobs and follow the processes and organizational rules very strictly. While working within these processes, they seek regular improvements in them as well as their products, in what is known as the *kaizen* approach.

Japanese processes tend to be meticulous and most of the time work very well for normal Japanese people in the country. As the example of Toyota and many others show, they have also worked very well overseas. In this article I will discuss the virtues of Japanese culture that can lead to excellence but also touch upon the difficulties Japan faces arising from the same. I also try to suggest how these virtues can be adopted globally in a win-win manner and what Japan needs to do to manage the new challenges it faces.

Curry in Japan & India

Coco Ichiban is now the largest curry chain shop in the world, including India. That is testimony to the strength of the processes that Japan is so good at. And by processes, I do not mean those within just a single company but across the whole country. Firstly, Coco Ichiban secures very high-quality ingredients thanks to the standards enforced on the suppliers' side. These ingredients are used for intermediate preparations in bulk which naturally give the advantage of scale, and then the excellent logistics systems of Japan ensure that these intermediate preparations are available at the shops just in time. This just-in-time framework minimizes the need for working capital, resulting in an economical pricing of the curry for the customer. The bulk preparation hub-and-spoke model helps in the consistency in taste and quality across all shops. At the shops there are standard menus also managed centrally and modified

seasonally. The human resources are trained through a rigorous curriculum on processes, hygiene and customer service and the necessary instructions for seasonal menu changes are provided through efficient on-the-job training systems. As a result, high quality and consistency are ensured, allowing the management to scale up easily.

Now, if I were to describe India in one word, it would be "diversity". In India the concept of diversity can be found in almost everything and that's one of the major causes of the variability, or volatility, of the environment as well. People tend to be very creative and sometimes have to be creative in the absence of organized solutions, which is the concept of *Jugad*, often translated as "frugal innovation". So one sees innovation very frequently in the country at grassroot levels, including in the kitchen of a curry shop to create customised dishes for the customer, or in accordance with the availability of the ingredients on any given day or with the individuality of the chef. Additionally, recipes vary from town to town or based on the origin of the chef. Due to the lack of long-distance logistics and long-term cold storage for perishable ingredients like vegetables, the availability of ingredients also differs by region and season. The curry on your plate is the result of many human, cultural and natural factors which, for good or bad, lead to a great diversity in taste.

This naturally makes it difficult to scale up a curry chain beyond the direct oversight of the management, but one can enjoy a different curry every day. And this should explain one of the questions I am asked by Japanese friends: how can Indian people eat curry three times every day? Unlike in Japan, the universe of curry in India is enormously wide and variable.

Advantages & Challenges for Coco Ichiban in India

There are two sides to every coin. The strength of Coco Ichiban is its processes, but at the same time the major hurdle it will face in India is its critical dependence on processes and systems that are not all internal but also depend on the external industrial environment. In Japan, Coco Ichiban can fully rely on its logistical system for its just-in-time delivery of supplies. It can rely on the consistency of the raw materials in terms of quality, form and shape, and it can rely on its own trained staff.

In India, it's not easy to ensure timely delivery due to many external factors, such as road conditions and the regulatory environment. One can see long queues of trucks at each state border

that have to pay taxes at the border crossings. Such cold logistics, critical for food items, need to be further developed. Human resource development is another challenge. It's relatively easy to find highly-motivated and self-driven staff but not so easy to find trained staff on whom the company can rely to follow specific processes. It's also difficult to find human resources trained in a particular industrial domain, such as food, retail or service industries.

These difficulties are not specific to India; it is simply that Japan is so good in terms of its organized industrial environment, including logistics, food processing and specialized human resource development. So while the detailed prescriptive management style of Coco Ichiban is a boon in Japan, it can be a challenge in India.

Looking at the issue in a more positive light, the new educated middle class in India is looking for a more organized and reliable service industry and is willing to pay a significant premium for that. While there are many cheaper options available, the new middle class prefers to go for reliability. In general, and especially if one is careless, cases of food poisoning and other long-term problems due to the bad quality of food are not uncommon in India — a reminder to the educated middle class to go for safer choices even at a premium. This is where Coco Ichiban has a huge advantage and opportunity.

Other Technology & Services from Japan to India

My first memory of a Japanese product in India goes back to my childhood days with National Panasonic radios (when we didn't have televisions at home they were the most high-tech item by far), while Pilot pens were another popular item, though a bit of a luxury, during my high school days. The trend then began to shift to food and hygiene products.

In the food-related industry, Yakult is a good example to study. India has its own culture of curd products but since the mid-1980s also started to see other kinds of yogurt on the market. The concept of probiotic dairy products was already there in the upper classes in India and in traditional wisdom, and hence the health benefits of the "Shirota" bacteria were also appealing and interesting enough for word-of-mouth promotion. But while Yakult enjoyed the advantage of a Japanese brand image and the unique marketing style was favorably regarded as a sophisticated version of the traditional practice of selling in the neighbourhood, its spread was constrained to corporate clusters and/or high-end gated colonies. The rest of India does not provide the necessary logistics, safety and stroll-friendly environment needed for Yakult.

Another great product is the baby diaper from Japanese company Unicharm. Their extensive market research, customization and

Photo: Author



Suzuki Motors Chairman Osamu Suzuki with the author

innovative solutions for local needs and practices have made them a big hit in the country. Many of my Indian friends who lived in Japan and used Japanese diapers for their babies here have been such ardent fans that they would take them back on their subsequent visits to Japan or get them couriered on their return to India. They were big promoters of Japanese diapers in India and now they can buy them made in India by Unicharm.

To return to cars, the most striking example of Japanese technology and brands in India is Suzuki Motors. This was a complex project started in 1980s. India had an old and inefficient automobile manufacturing industry which was not able to cope with the fast-growing new middle class of India, so Suzuki Motors created practically a whole eco-system for their car manufacturing. Initially Suzuki imported most of their parts from Japan and they also had to bring a large number of their staff from India to Japan for training. Over the decades, and given the competition from Indian and Western manufacturers, a very sophisticated auto component industry has emerged which is also a natural producer of trained human resources. The auto parts industry also needed a sophisticated logistics services industry and Suzuki initially took along their Japanese service provider, Yamato, to India for this purpose. Over the years India has also developed a good logistics industry, especially for the automobile industry, though a lot of work still needs to be done on external elements such as the roads and railway infrastructure.

As also noted in the case of Coco Ichiban, the logistical need in the auto industry for a good transport infrastructure became more and more obvious. This was not only for the manufacturing but also for



Photo: Author

JICA Vice Chairman Hideaki Domichi (C) and S&T advisor to the prime minister Prof. Kiyoshi Kurokawa (R) with the author

the transporting of the manufactured vehicles within the country as well as overseas, as Suzuki Motors began to eye the Middle Eastern and African markets from their factories near New Delhi. This, along with major strategic initiatives between the two countries, led to the concept of developing a large-scale industrial environment — the Delhi-Mumbai Industrial Corridor (DMIC). The backbone of the DMIC is a Dedicated Freight Corridor (DFC) where a high-speed freight railway is being built by Japanese financing from the Japan International Cooperation Agency (JICA) along with significant Japanese technology involvement.

Although upper class Indian consumers are ready to pay a premium for Japanese technology products, this is not so easy in the case of infrastructure for the simple reason that it can take years before consumers can start using it. Given the premium on Japanese technology and the large scale of such projects, naturally the upfront costs are high. But Japan also offers the solution by providing long-term financing at very low interest rates or required return on equity. Unfortunately this combination of Japanese capital and technology is not well understood and utilized by the two countries yet and is the main focus of my professional efforts.

Along with the freight corridor there are a large number of smart cities, industrial zones, airports, educational facilities and other social infrastructure being planned in the DMIC, working on the idea of building a holistic industrial ecosystem. The freight corridor may sound less glamorous than another major project being contemplated: a Shinkansen line connecting two major business centers in India, Mumbai and Ahmedabad. The issue of upfront costs and long project development time is much more severe here as the project is likely to take almost two decades and billions of dollars.



Photo: Author

The author meets Indian Prime Minister Narendra Modi during his visit to Japan when the two countries agreed to consider collaboration on an Indian high-speed railway. Also pictured is Indian Ambassador to Japan Mrs. Deepa Gopalan Wadhwa.

The project is very complex, involving not just the rails and rolling stock but also the controls and signalling, and the service industry for operations and railway stations. The technology is especially critical for reasons of passenger safety, as any accident at speeds of around 300 kilometers per hour would be fatal. This is an example of a very complex and large-scale infrastructure project being considered for export from Japan.

Local Customization & Marketing

As seen in most of the examples above, local customization is a must, but it's not easy to understand local needs, especially as India is so different from Japan in so many ways. Unicharm credits its success to rigorous market research. But it's also a matter of corporate culture, where the processes sometimes tend to become too rigid to promote efficiencies and quality consistency and fail to be flexible enough to adapt to a foreign market's needs.

While Japan was known for its quality products in foreign markets in the 1980s and 1990s, the domestic markets in Japan grew so big and convenient for the Japanese corporations that many lost their aptitude for overseas marketing. Recently Japanese companies have been criticized for trying to sell their products overseas as they are in the Japanese market without sufficient efforts to understand the local needs.

Many Japanese corporates remain focused on the domestic market, but those that ventured out first went to other developed countries in Europe or to the US. Subsequent foreign destinations for fewer have mostly centered on China, given its huge and fast-growing market as well as the convenience of proximity and

Japanese-speaking human resources. A farther frontier for even fewer Japanese companies has been South-East Asia, and India remains as still a distant option for most.

The reason of lack of connectivity with India is a chicken-and-egg problem. There are only about 25,000 Indian people in Japan compared to almost a million Chinese. The lack of people-to-people contact between the two countries leads to a lack of mutual awareness and still makes it difficult to do business with each other. The lack of business leads to a lack of people exchanges, and hence we come full circle.

Furthermore Japan and India are so different from each other in many ways. While Japan is mostly a homogenous middle-class society, India is very diverse with big income disparities among people. India is also very diverse geographically and culturally, and thus a very challenging market. The complacency arising out of the convenience of an opulent and homogenous domestic Japanese market makes it difficult for Japanese corporates to understand India fully.

A relatively easy solution for the Japanese lies in leveraging the high brand image, high technology and financial strength of Japan. For example, the top institutions of India like the Indian Institutes of Technology (IITs) and Indian Institutes of Management (IIMs) can be very willing partners for Japanese companies for local R&D and customization. Although Japan has a high-brand image in India, most Japanese companies lack recognition there on an individual brand basis. Connecting with institutes like the IITs would help Japanese corporates build individual brand images in India. As the founding president of the IIT Alumni Association in Japan, I have personally helped many Japanese connect with IITs in many ways and have witnessed the enormous potential.

By the same logic, Japanese companies can work with high-quality corporate partners in India, who can in turn help localize and market Japanese technology.

Need for Japan to Change

Japan has thousands of companies with a history of many centuries. Over the centuries and with a focus on following the processes, these corporates have become very rigid. Since most of Japan is domestically developed in the same spirit, these companies are able to function very well and comfortably in Japan. As noted in the case of Coco Ichiban, the internal processes of the company are well aligned with the external industrial environment and the whole supply chain functions very smoothly.

But the same rigid and process-focused approach becomes a big obstacle in their dealing with the developing world, especially India.

In India, along with its rapid growth and development, the environment is changing very quickly. Along with the demographics and markets, regulations and landscapes also change quickly. Hence there is a big need for Japanese corporates to adapt to the changing environment in a flexible manner.

With their lack of flexibility Japanese corporates are missing not only market opportunities but also real exposure to the market dynamics of the developed world. This inhibits an understanding and knowledge of Japanese companies in the developing world compared to their more dynamic competitors from other countries. While Japanese corporates wait for detailed research and plan before taking their first step in India, their competitors from other countries act faster and with more flexibility, even if in smaller and riskier ways, and in this way build a deeper understanding of local dynamics and relationships. In the fast-changing paradigm of the developing world, Japanese corporates need to become more nimble.

Merits of Adopting Japanese Practices

While Japan may not be very competitive in the new world, one thing that one realizes only after living in Japan for some time is the quality of life in this country. This comes from the high and consistent quality of products and services and a discipline that includes a focus on processes. It's not only the comfort as a consumer and a resident but also the efficiency of economic life in Japan which arises from the excellent infrastructure and industrial environment.

This diligence and quality-conscious attitude helps not only the people living in Japan but also the global environment. As noted in the case of Coco Ichiban, the smooth integration of internal processes in the company and the external processes in Japan leads to not just an overall economic efficiency but also an environmental efficiency in terms of use of energy, less carbon emissions and minimal waste.

In the course of such development, Japan has also built a very equitable society with less income disparity and crime. This aspect of Japan, though very difficult to adopt overseas, is worth emulating. I hope Coco Ichiban can one day cater to the diverse Indian palette as smoothly as it does to the Japanese in Japan. **JS**

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