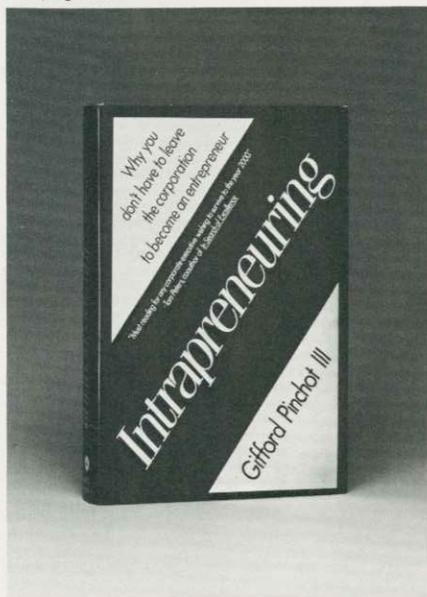


# Bookshelf

## Intrapreneuring

By Gifford Pinchot III  
Published by Harper & Row, Publishers, Inc.  
1985, New York  
368 pages; \$20.75



Japanese have a seemingly insatiable thirst for knowledge from abroad, and bestsellers in the United States and Europe are nearly simultaneously available in translation for the Japanese reader. *Intrapreneuring* by Gifford Pinchot III is a case in point. A newsmaker as soon as it was published in 1985, this book was translated and selling on the Japanese market before the year was out. This tendency is especially pronounced in the Japanese business world, where there has always been a keen interest in learning from Western management techniques and concepts, and up-and-coming executives at the big Japanese companies have been especially active in gleaming know-how from abroad.

With the assurance of lifetime employment, middle management people in the Japanese corporation had nothing to lose and everything to gain from being innovative. Likewise, the Japanese corporation has traditionally encouraged this by providing ample opportunities for training and further education, and this climate is one of the reasons Japan has been so phenomenally successful at modernization.

Ironically, even though the Japanese manager learned a great deal, what he learned seldom had a lasting impact upon the corporation. Often it was rejected or modified be-

yond recognition; and when it was instituted, it was usually only a passing phase that quickly faded away. Western technology and administrative practices were inevitably Japanized over the long term. Rather than transforming the Japanese corporation, knowledge acquired from overseas acted as a stimulant for intra-corporate innovation and invention within existing structures.

The adaptation and application of ideas from the earlier-industrializing countries enabled the Japanese corporation to innovate at a relatively early stage without major investments of time and money in original research and development. This situation fostered the emergence of "intrapreneurs"—people with entrepreneurial skills and insight who chose to work within the framework of the corporation instead of going independent. Now that Japanese companies have not only caught up with but in many cases become the world's frontrunners, however, they must push back the technological frontiers on their own and there is a renewed need for creative and innovative people.

In the 1960s, there was a burst of entrepreneurial activity in Japan similar to that described by Pinchot. Frustrated innovators left their companies to set up their own venture businesses, many of which ended in failure. Whether entrepreneur or intrapreneur, the impractical dreamer who could not make his ideas work failed just as quickly in Japan as he did in the United States. Significantly, those that succeeded did so by retaining close ties with their former employers, typically functioning as affiliates within the larger corporate groups. The large Japanese corporation learned early on to spin off its high-risk innovative people from the parent company and establish them as independent affiliates linked to the group but free to pursue their interests. For the parent companies, this had the added advantage of enabling them to enter new markets at minimal risk to themselves. Companies that balked at such cluster diversification quickly found themselves becoming less competitive in both the domestic Japanese and international markets.

Although often ascribed only to Japan, lifetime employment is basically the norm in America's giant corporations such as IBM and General Motors. Their employees stay because these corporations make a point of attracting good people and giving them ample opportunities for research and development. When the corporation decides to break into a new field, it already has the internal network to support its intrapreneurs. This kind of personalized attention and flexibility has helped IBM and General Motors build their own internal labor markets. They have clearly learned much from traditional Japanese employee relations.

Pinchot's intrapreneur has existed, and has been well-supported, in Japanese corporations since well before World War II. I have studied the histories of Japanese corporations for many years, and I do not find Pinchot's concept a novel one. If there is anything the

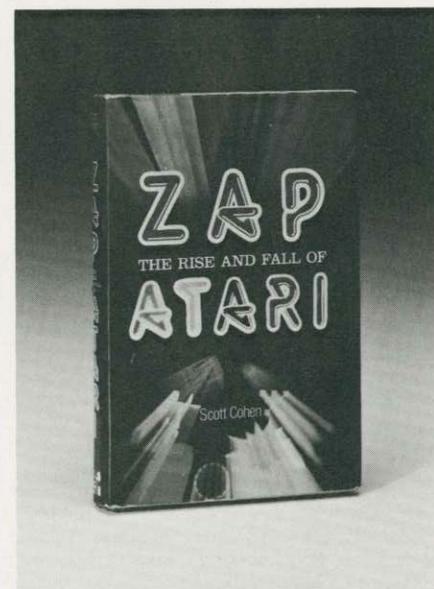
Japanese reader can learn from *Intrapreneuring*, it is the insight Pinchot inadvertently gives into the inner workings of the giant American corporation.

Finally, the very fact that the intrapreneur is by definition a highly individualistic entity means that he requires a patient and understanding owner/manager who can maintain harmony between the often-uncooperative intrapreneur and his co-workers and subordinates. Pinchot's work would have benefited from more extensive treatment of this aspect, although its slighting of this is itself indicative of the very individualistic climate which pervades American culture.

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## ZAP! The Rise and Fall of Atari

By Scott Cohen  
Published by McGraw-Hill Book Company  
1984, New York  
177 pages; \$14.95



The explosion of coin-operated video games onto the entertainment scene is still reverberating around us. Instantly popular, video games have spread widely in both the United States and Japan, and young people hunched over their video games are a common sight in both countries.

A man named Nolan Bushnell started it all with a company called Atari—after the term for "check" in the Japanese game of go—established in 1972 with only \$500. In *ZAP! The Rise and Fall of Atari*, Scott Cohen uses extensive interviews to let the people involved in Atari's phenomenal growth speak for themselves and to paint a vivid portrait of Atari's progress from enthusiastic, uninhibited vigor to the institutional rigidity that was to be its downfall as the accountant and marketing

types took over from the creative people.

Struggling just to keep the early Atari afloat, Nolan Bushnell still found the time and energy to explore new avenues of growth. Brainstorming sessions to talk over new game possibilities were a regular feature of Atari management, sometimes taking up whole days at a nearby Holiday Inn and other times raging on airplanes, during baseball games, and even in Bushnell's outdoor hot tub. These open, relaxed sessions spawned innumerable ideas, many of which were developed into highly successful products.

New games were not enough, however. Atari quickly found itself engaged in a bitter struggle to keep ahead of the very stiff competition in a market where every new hit product was quickly paid the compliment of imitation. Competition prompted Bushnell to look for new money-makers, and he decided to enter the home video market against the better judgment of his colleagues. Home video and coin-operated video games appear to be closely related, but in fact they require very different production technologies and distribution systems. Bushnell called this one wrong, and by 1976 he had sold Atari lock, stock, and barrel to Warner Communications for \$28 million. There is an obvious lesson here: while a new business is relatively easy to start, it is even harder to keep your start-up going and growing.

At first, Atari did not do much better under Warner than it had before, but things suddenly picked up in 1979. Revenues doubled annually between 1979 and 1982, and Atari captured 75% of the home video game market. Yet Atari's fall was to be quicker than its rise. Warner, by then overly dependent upon Atari, announced unexpectedly poor returns for the company for the fourth quarter of 1982. This skittered the bulls, alienated the security analysts, and toppled Atari from its high-riding position.

Once the fastest growing company in American history, Atari had zoomed from zero to \$2 billion gross and \$3.23 million net within 10 years, but in less than a year its earnings were cut in half and it was \$5.39 million in the red.

New social and economic paradigms are in the making, and consumer values and consumption patterns are changing. In the midst of this change, companies must tailor themselves to meet the needs of new markets if they are to survive. Atari failed because it failed to create an organizational structure and corporate culture flexible enough to flow with the times. A management more interested in sales than in developing new products could not understand the need to be constantly developing new products, and Atari has ended up being a video game manufacturer headed by people with no interest in games.

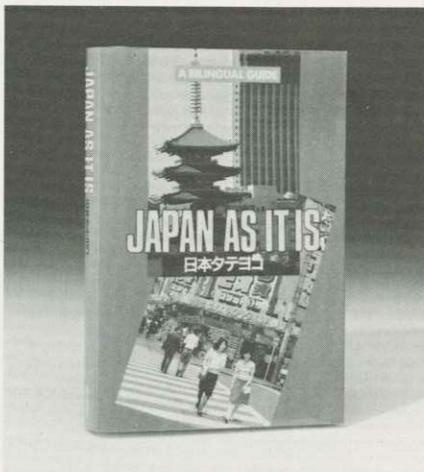
It could happen to the best of us, and management's job is to learn from the Atari story and make sure it doesn't.

Chieko Weyer

Section Head, Advertisement Dept.  
Altmann System International, Inc.

## Japan As It Is

Published by Gakken Co., Ltd.  
1985, Tokyo  
368 pages; ¥1,300



*Japan As It Is* is a book which will be useful to many people. As a kind of mini-encyclopedia on Japan and things Japanese, it may well be the best thing available for people who "have time for only one book on Japan," as the inside cover blurb tells us. It should also be a helpful study tool for students of the Japanese language, or for Japanese studying English, since the Japanese and English texts are on facing pages and both texts are presented in a readable, understandable style. The book can be recommended to people who know nothing about Japan as a surprisingly comprehensive source of information, and it can also be of help to old Japan hands wishing to refer to particular statistics, or looking for concise explanations to give friends not acquainted with things Japanese.

The book is divided into five parts: Japan and the Japanese, Living in Japan, Japanese Society, Cultural Heritage, and Affinities with Nature. The final section might be a surprise to some readers, but given the importance of such things as *tanuki* and *kitsune*, sea bream and carp, pine trees and bamboo, etc. in popular culture, I find their inclusion here useful and informative. Each section is followed by notes illustrated by very helpful photographs and sketches.

Altogether 148 entries are presented under the five general section headings, each entry following a one-page format, and covering topics that range from "A Day in the Life of a Japanese Businessman" to "Monsters and Apparitions." The appendix, giving a chronology of Japanese history, is helpful but could have been more complete, and for some unknown reason stops at 1972, while the text itself contains many references to events and topics as current as 1985. The indices, in Japanese and English, are quite useful for quick reference.

The authors, mostly university professors or newspaper writers, must have faced some difficult decisions in selecting the topics they would include and determining the amount of space assigned to each entry. For the most

part they have chosen well, and the reader gets a good overview of Japanese culture, traditions, society, and everyday life. For instance, part two on "Living in Japan" starts out with discussions of the standard of living, the Japanese day, the family, the household budget, etc., and then after treating the Japanese diet, holidays, gift-giving customs, and related subjects, goes on to explain the mass media, transportation, the education system, and cram schools before concluding with a treatment of Japanese sports and children's games. All this, and much more, is given in 41 concise but informative entries arranged in a logical, organized way.

Just as the authors and editors must have had differences of opinion on the allotment of space to the various entries, so it is probably inevitable that readers will wonder about the priorities in a few cases. For instance I would question the necessity of giving an entire page to Dr. Tsunoda's theory about the Japanese brain, while all of modern Japanese history (Meiji, Taisho, and Showa eras) is reduced to 15 lines. (Even *O-miai* gets 17 lines, *Tanabata* 26, and *Oni* and *Tengu* get a full page.) The omission of a separate entry on Confucianism is also surprising, since we are told in a note that Confucian teachings "had a profound impact on Japanese society and thought, forming the basis for feudal ethics" (p.65). Surely an explanation of the Confucian stress on harmony, faithfulness, effort, sincerity, service, and responsibility (all words that keep turning up in the mottoes of Japanese companies today) would be just as helpful to understand the postwar economic miracle in Japan as entries on prices and distribution, or industrial relations (as important as they may be).

The other grievances I felt were minor, but grievances nonetheless. For instance, *Noh* and *Kabuki* each have a page of their own, and *Bunraku* shares a page with *Buyo*, but *Kyogen* is dismissed in two lines in the middle of the *Noh* explanation. Also a paragraph heading speaks of "*Konjaku Monogatari* and other epics" (p.273) although *Konjaku Monogatari* can hardly be considered an epic. Another minor complaint is that the discussion of Natsume Soseki mentions the titles of three of his novels, but not that of his recognized masterpiece, *Kokoro*.

The English translation is both accurate and readable, in smooth, natural prose. One sentence, however, caught my eye as a mistranslation but at the same time ironically appropriate: Nobel physicist Yukawa Hideki is quoted as saying that the Tsunoda theory of the Japanese brain is "one of the most incredible theories I've heard in years," when the word translated as "incredible" is "*omoshiroi*" (interesting) in Japanese.

Occasional typos can be found in the early part of the book, but this volume is highly recommendable for what it sets out to be, and a bargain at its very reasonable price.

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