

Increasing Japan's Appeal: Building on Experiences in Japan

By Kitashiro Kakutaro

IBM first ventured into Japan in 1937. Today, IBM Japan employs nearly 21,000 people, boasts domestic sales of ¥1.5 trillion, and is the second-largest IBM company next to IBM in the United States. The majority of our employees are Japanese, and Japanese presidents have led the company since shortly after World War II.

History suggests that the company's success in Japan has been largely due to our constant efforts to meet the needs of our Japanese customers and to fully embed ourselves within Japanese society. The scope of IBM Japan's business is limited to the domestic Japanese market. We help our Japanese customers to strengthen their competitiveness through the strategic use of information technology (IT), and our growth depends on the development of the Japanese market and economy. Fully taking advantage of our position as a global company, we adopt the best of the business models and practices implemented overseas and then introduce them to Japanese customers and communities. Conversely, we are also involved in many efforts to get ideas that originated with IBM Japan out to the global IBM community. Let me tell you about several of these bi-directional efforts.

The Japanese have some of the highest product and service quality expectations in the world. Much of the information on customer needs, the expertise and the experience developed in this demanding market can be put to use elsewhere around the world. For example, in 1991 IBM Japan established the Customer Satisfaction Management



IBM Japan chairman Kitashiro Kakutaro

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Committee to improve its level of customer satisfaction. That committee has been meeting monthly every since. The president attends every meeting, and works together with the company's executives and employees to try to devise solutions to the business challenges from the customer's perspective. This structure, which originated in Japan, is being adopted by IBM companies worldwide.

The internationalization of Japan and the globalization of the world market have accelerated efforts by Japanese society and firms to adopt the best of overseas developments. Under such

conditions, the management practices of IBM Japan, as a foreign company, can in many ways serve as a model for other companies. For example, IBM Japan established a department to manage its social contributions early on, and has recorded numerous accomplishments in such fields as education and support for people with disabilities. The company's progressive environmental efforts to conserve energy and recycle are also highly regarded. In fact, the Nikkei survey of environmental management rated IBM Japan as the top Japanese company for two years in a row. Even in the area of employing women, an area where much of Japan still lags, IBM Japan has been progressive. We have established a promotional body known as the Women's Council and have set goals for raising the percentage of female employees and managers. This year, we were recognized with an award from the Ministry of Health, Labour and Welfare for promoting the hiring and effective deployment of women.

IBM Japan has struggled through some difficult times to obtain the social standing as it is today. The IT industry in Japan, a field now swimming with foreign firms, was not liberalized until the 1970s, and from the 1980s to the early 1990s, was plagued by Japan-U.S. trade friction over computers and semiconductors. Even during these difficult times, IBM Japan focused its efforts on providing advanced information systems to Japanese customers and developed its own community relations efforts. These included "opinion lead-



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The IBM Japan headquarters in Tokyo



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ers conferences" which were held to provide a forum where opinion leaders in various fields could gather to discuss Japan's future.

Today the atmosphere is much more conducive to the participation of foreign companies, be it in government councils or business associations. And in the IT industry, companies are no longer discriminated against simply for their foreign origins.

As a member of Invest Japan Forum, an organization primarily made up of

business people, I helped to submit a proposal to the Japanese government last year for expanding investment in Japan. Prime Minister Koizumi Junichiro has announced a plan to double investment in Japan over the next five years, and efforts to improve the investment environment for overseas companies are accelerating. The Japan Association of Corporate Executives (Keizai Doyukai) is also promoting structural reform, advocating the creation of a "Nation of New Businesses"

in the hopes that invigorating new businesses will help to revive the economy. Hopefully, changes will be made to help Japan become a more appealing investment destination. **JTI**

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