

Paris Miki: Business in Evolution

By Koki Murakami

Hiroshi Tane, the chairman of Paris Miki Inc., Japan's largest optical store chain, is not your ordinary Japanese business executive. For a start, he is very fashionable. Instead of neckties, which he loathes, Tane likes to wear a pendant made from an antique coin. And from the breast pocket of his double-breasted suit there always peeps a bright red handkerchief. But there is more to him than a flair for fashion. Tane also has a unique concept of business, likening the management of a company to the process of evolution.

Every year Tane gives Paris Miki's new recruits an eloquent, three-hour lecture on the history of humankind. "Have you ever thought about when and how human beings appeared on this planet?" he asks the new recruits. "Maybe you wonder what on earth I am going to talk about, but this is an extremely important question. Because if you are not interested in humankind itself, you will never be really successful either in work or in love."

According to Tane, the purpose of this lecture is to make the new recruits understand Paris Miki's corporate philosophy—"first, for customers and their future; second, for employees and their future; third, for the company and its future"—from the perspective of the history of the world and of humankind.

As well as being the chairman of Paris Miki, Tane is one of Japan's leading collectors of fossils, many of which he purchases in Europe. Part of his collection, which numbers more than 10,000 items altogether, is on display at museums in Himeji, Hyogo Prefecture, and Nita, Shimane Prefecture. Hitoshi Takeuchi, the honorary director of these two museums and also professor emeritus of the University of Tokyo, speaks highly of Tane: "He tries to learn from the evolution of life how important it is for individuals and companies to adjust themselves properly to the environment. I don't know of any other business executive with such an approach."

Tane was born in Himeji in 1931. At that time his father, the late Yoshio Tane, operated a watch store in Himeji called Seikakudo. Hiroshi's strong personality, which was greatly influenced by his father, was already taking shape during his childhood.

Hiroshi says that he respected his father even as a little boy. Yoshio had little formal education, but he studied by himself from a huge collection of books on the geography, history and customs of the world. He also loved foreign movies. Whenever he took Hiroshi to see one, Yoshio would give his son a detailed lecture on the unusual architecture that appeared on the screen. Such incidents remain engraved on Hiroshi's memory.

When Hiroshi was a young boy of three or four years, his father would read a bedtime story from a large tome of the series on the geography and customs of the world. "Those books had many photographs," Hiroshi recalls nostalgically. "Every time I turned a page, I encountered another place that I longed to visit."

Childhood dream

Hiroshi now is fulfilling his childhood dream. Two years ago, at the age of 57, he handed over the presidency of Paris Miki to his eldest son, Mikio, and set up home in Geneva, the location of a subsidiary called Paris Miki International S.A. Now Hiroshi spends two-thirds of each year in Europe. Leaving the company's operations in Japan to his son, Hiroshi devotes himself to the long-term strategy of expanding the company's overseas network.

Another piece of advice from his father that greatly influenced Hiroshi's business philosophy was to avoid complacency. "If you are worried about something, always go and look at the situation with your own eyes," Yoshio would say. "There is nothing worse than a theory that has been formulated at the desk."

Hiroshi realized the truth of his father's words after Japan's defeat in World War



Hiroshi Tane, chairman of Paris Miki Inc., tells new recruits that an interest in people is essential to success.

II. At school in the prewar years, Hiroshi was taught every day that Japan was invincible. When he returned home, he would often become upset when his father said in a low voice, "If there is a war, Japan will lose." But Yoshio's words came true. After Japan's defeat, he said, "Do you see what I mean? This is what happens when an inexperienced elite insists on pushing through its own ideas." Hiroshi recalls that, seeing his father's rage at the outcome of the war, "I realized that the values that had been drummed into me by the militarist education were going to fall apart quickly."

Seeing the meaninglessness of pursuing an academic education, Hiroshi did not advance to a higher educational institution after finishing middle school, and instead traveled to the United States and the Soviet Union to see the world. "Before going to the Soviet Union, I thought that there wouldn't be any American tourists there, because the Soviet Union and America were on bad terms," he recalls. "But even just after the war, there were about 1,000 times more Americans in the Soviet Union than there were Japanese. I realized then that it's essential not to be deceived by ideologies and some-

thing-isms. What is important is the way of thinking of each individual."

Hiroshi's travels outside Japan taught him his basic creed as an entrepreneur: The key to a successful business lies in selling goods that are suited to each customer. "We supply lenses that fit the degree of shortsightedness or farsightedness of the customer and frames that meet the customer's taste in design," says Hiroshi. "We must take full account of the customer's preferences. This is the difficulty and also the pleasure of our business."

The Seikakudo watch store, which Yoshio founded in 1930, became incorporated in 1955. Three years later the company switched to handling only eyeglasses, instead of both eyeglasses and watches. Reflecting this change, the company changed its name to Miki Optical in 1960. Then in 1988 the company amalgamated the stores that it had been setting up in the Kanto district and further north since 1974 and named the group Paris Miki.

Paris Miki's growth from a local watch store in Himeji to a major optical store chain has been dramatic. In the one-year period up to February 1990, the company's sales reached ¥41.8 billion (\$298.5 million at the rate of ¥140/\$); it now has 471 stores in Japan and 22 overseas. As of the end of April 1990, it had 2,685 employees. The main propelling force behind this growth was the dynamic partnership between father Yoshio and son Hiroshi.

In the 1950s the reputation of watches deteriorated rapidly as goods smuggled into Japan from abroad and fake items hit the market in large quantities. Hiroshi was the first to suggest that the company switch to eyeglasses only.

"However much we emphasized that the quality was guaranteed, customers who purchased a watch would leave the shop wondering whether it was really reliable," he explains. "In contrast, customers who purchased eyeglasses without exception would leave the shop with a word of thanks and a smile on their face. So I decided that it would be better for us to specialize in eyeglasses."

Yoshio agreed with his son, and they

worked out a plan to establish a network of optical stores. They also agreed on their respective roles in the new setup. While Hiroshi would promote the corporate philosophy and take care of other aspects of company life, Yoshio would plan and implement the establishment of new stores.

Predicting the emergence of automobiles as the predominant form of transportation in society, Yoshio came up with the strategy of establishing a chain of large suburban stores—a first for the eyeglass business. The strategy proved to be successful, and business expanded. The minicastle-like stores—Yoshio's idea—became a popular sight here and there along trunk roads, especially in the Kansai district.

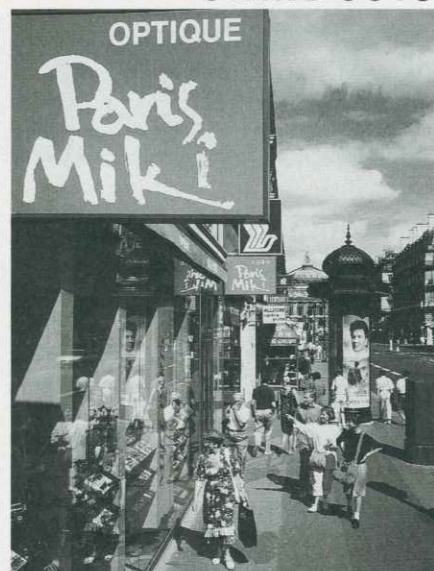
Before moving into the Tokyo area, the company opened a branch in Paris in 1973 and in the following year changed its name to Paris Miki. The idea was to promote its image in Tokyo as a specialty optical store from Paris. Hiroshi thought that this would be a shortcut to winning over consumers in Tokyo, who would be attracted to a store that had a branch in the fashionable French capital.

Merit system

Hiroshi also put a lot of effort into spreading his customer-first business philosophy among his employees. "There's no need to worry too much about increasing sales," Hiroshi kept on telling his staff. "Whether we make a profit or not, just make sure that the customer in front of you gets the most suitable eyeglasses."

Early on Hiroshi introduced a merit rating system that emphasized the ratio of returnees even more than sales, and in 1982 he established a section in the personnel department to concentrate on bringing out the abilities of employees. In assigning employees to positions within the company, Paris Miki takes into account as much as possible the wishes of each individual.

"Customers who have purchased a pair of eyeglasses at another shop often peer through them anxiously as soon as they are out of the door," says Hiroshi in explaining the success of his efforts to



Paris Miki's main shop in Paris

spread the customer-first philosophy. "But that never happens with our stores."

Speaking of the excellent partnership between Yoshio and Hiroshi that made the company grow, Mikio Tane, Hiroshi's son and now the company's president, remarks: "They frequently disagreed on minor matters, such as television commercials. But essentially they recognized each other's abilities. If anything, my grandfather probably rebuked my father more often, because my father tended to want to implement his own ideas too quickly."

The grandfather, Yoshio, passed away in August 1986. The main question now is what kind of partnership Mikio, 30, will develop with his father. In the words of Mikio, Yoshio was like a large paperweight uniting and commanding the respect of the whole company. Now that he is gone, the biggest concern is that the centripetal force that held the company together will weaken and the strain of rapid growth will suddenly come to the surface.

Especially interested in the changes taking place in socialist countries, Hiroshi has expressed his desire to open a store in the Soviet Union in the near future. As the company prepares to put its shares on the market, much attention will focus on the extent to which the young president supports his father's ambitious approach.

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