Top Global Companies ^{IN} JAPAN

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Preface

Despite the largest economic-stimulus packages ever initiated in rapid succession, Japan's economy has shown no sign of recovery. The *World Economy Forecast* published by the IMF (International Monetary Fund) at the end of 1998 predicted that Japan's net annual economic growth rate for 1999 would be minus 0.5%, which makes Japan the only country showing negative growth among the seven developed countries in the world. Does this indicate the continued decline of Japan's economy?

What symbolizes the current economical situation in Japan is the decline of large corporations. For example, both Yamaichi Security and Hokkaido Takushoku Bank have been dissolved. The Long-Term Credit Bank of Japan and Nippon Credit Bank have gone under as well. Large conglomerates such as Hitachi, Toshiba and Mitsubishi Electric, which have long represented Japanese industry, have also declined. Their preoccupation with the expansion of their organization at the expense of efficiency has become an apparent weakness.

Until the 1980s, being big was an asset. In the past ten years, however, the environment surrounding corporations has completely changed. The market has become increasingly fast-paced, diversified and specialized. Large corporations devoid of individuality and imagination now find themselves incapable of meeting the needs of the new market. Their slowness in decision-making has also proven detrimental. Large corporations that are simply a collection of noncompetitive businesses face the question of their very survival. Thus, being big has become a liability.

On the other hand, it is said that reformation is born on a frontier. In the middle of the current protracted recession, new powers have gathered strength to face the 21st century. Using their speed and specialty as leverage, a group of specialized medium-sized companies are rising. They have not yet been in the spotlight, but they have a top market share worldwide in their specialized fields. We call them *Top Global Companies* in this book.

How have they climbed to the top of the global market while many of the large companies have fallen into a slump? We will answer this question by shedding light on their strategies and organization for high earnings, the secret of “producing something from nothing” and “enabling the lesser to win against the greater”.

Incidentally, what are the principles to follow, if any, to become a No. 1 in the world market? We will seek to answer this question by analyzing eighteen *Top Global Companies*.

Japanese companies are strenuously looking for new management styles in this era of great competition. According to the “Questionnaire to 100 Presidents of Companies”, which was conducted by the Nihon Keizai Shimbun in April 1998, 70% of the presidents who responded said that “specialized companies focused on specific niches will manifest their strength in the new era”. They recognized the typical management style of *Top Global Companies* as a model for the 21st century.

There are still many corporate leaders who blame external factors such as politics and foreign exchange fluctuation for their companies' poor performance. They have forgotten that it is companies and the individuals within them that have to be energized for a vibrant economy. They should learn from the self-reliant effort and entrepreneurship of *Top Global Companies*. It is the authors' wish that this book may convey their wisdom and energy to sustain its readers through this era of globalization.

Tokyo
March 1999

Akira Ishikawa
Tai Nejo

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