

Trappolini, D. (2013).
*A Tale of Three Companies:
The Survival Strategies of Sony, Hitachi & Canon.*

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■ Questions

SONY make.believe **HITACHI** Inspire the Next **Canon** make it possible with canon

Q1: WHAT is **the major content** of this article?

Q2: Describe the core nature of the **Japanese business system**. **HOW** is it different from **your own country's business system**?

Q3: WHAT is the actual status of **the current Japanese electronic industry**? **WHAT** does it tell us?

Q4: Compare the **survival or coping strategies** of Sony, Hitachi, & Canon. Identify similarities & differences.

Q5: Do you think the '3' companies will be **successful in the future**? If so, **WHY? WHAT management advice** can you provide to them if you are a management consultant working for McKinsey?



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■ The Japanese Management System

❖ *Bushidō*

- ...indicates the **samurai moral values**, most commonly stressing some combination of frugality, loyalty, martial arts mastery, & honor until death.
- 8 virtues: Righteousness (義), Courage (勇), Benevolence (仁), Respect (礼), Sincerity (誠), Honor (名誉), Loyalty (忠義), Self-Control (自制)

❖ *Monozukuri*

- ... is the **spirit** to produce not only **excellent products** but also have the ability to **constantly improve the production system & its processes**.

武士道





■ The Japanese Management System

❖ *Lifetime Employment*

- A company ensures workers' **job security** & they demonstrate a high degree of **company loyalty**.

❖ *Keiretsu*

- ... is the term for **a conglomerate of financial group**.

❖ *Ganbaru*

- ... is **an active process** wherein one **works hard** in pursuit of a goal, **strives to overcome difficulties** that might arise & takes on difficult tasks.





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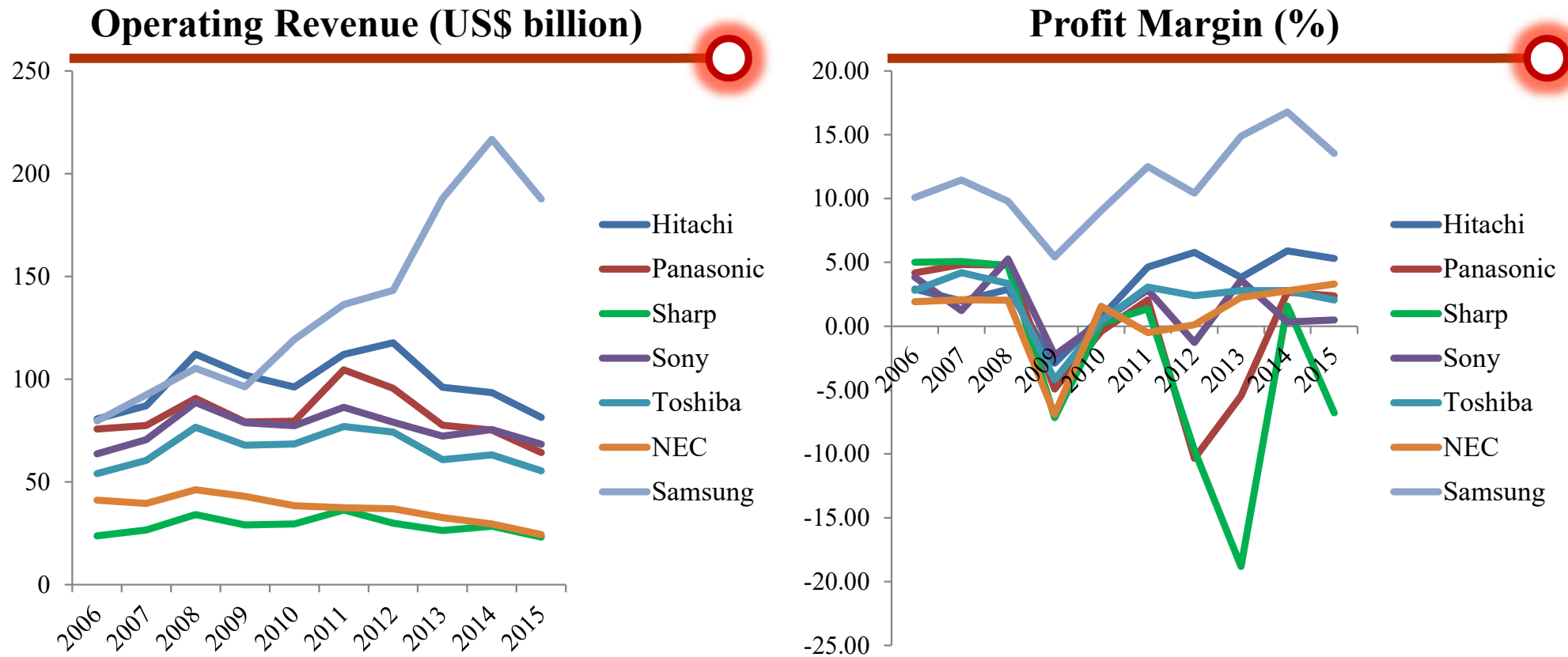
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■ The Present Japanese Electronics Industry



❖ Japanese firms are really struggling a lot while Samsung is growing dramatically.

Source: Own calculation based on Orbis.



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■ Summary of Sony, Hitachi, & Canon (Source: Each company's annual report)

Companies	Sony	Hitachi	Canon
Year of Establishment	1946	1910	1937
Company Slogan	"make.believe"	"Inspire the Next"	"Make It Possible With Canon"
CEO	Kazuo Hirai	Hiroaki Nakanishi	Fujio Mitarai
Industry	Electronics, Electrical Equipment	Electronics, Electrical Equipment	Computer, Office Equipment
Sector	Technology	Industrials	Technology
Ownership (%)	Citibank as Depositary Bank for Depositary Receipt Holders (9.4%), The Master Trust Bank of Japan, Ltd. (4.9%), Japan Trustee Services Bank, Ltd. (4.7%), Goldman, Sachs & Co. Reg (3.0%), State Street Bank and Trust Company (1.8%)	The Master Trust Bank of Japan, Ltd. (5.89%), Japan Trustee Services Bank, Ltd. (4.42%), Hitachi Employees' Shareholding Association (2.03%), Nippon Life Insurance Company (1.93%), THE BANK OF NEW YORK MELLON SA/NV 10 (1.69%)	The Master Trust Bank of Japan, Ltd. (5.6%), Japan Trustee Services Bank, Ltd. (4.0%), The Dai-ichi Life Insurance Company (3.4%), Barclays Securities Japan Ltd. (2.7%), Moxley & Co. (2.5%), Mizuho Bank, Ltd.(2.1%)
Foreign Ownership (%)	55.80%	43.85%	30.90%
HQ Location	Tokyo, Japan	Tokyo, Japan	Tokyo, Japan
Number of Employees	131,700	333,150	191,889
Fortune Global 500	116th	89th	334th
Revenue (US\$ millions)	74,724	88,786	35,215
Profits (US\$ millions)	-1,145	2,194	2,407



■ Differences or Similarities in Survival Strategies

Companies	Sony	Hitachi	Canon
Restructuring Own Business Activities			
Partnership Agreements			
Access to New Technology			
Internationalization			



■ Differences or Similarities in Survival Strategies

Companies	Sony	Hitachi	Canon
Restructuring Own Business Activities	<ul style="list-style-type: none"> ► Focused on digital imaging, games, & mobile technology. ► Abandoned chemical products business & automotive batteries. 	<ul style="list-style-type: none"> ► CEO decided to manage the HDD division on his own & hired experts from a competitor => Sold it to Western Digital for US\$4.8 billion. ► Reduced the employee size by 20%. 	<ul style="list-style-type: none"> ► Traditionally focused on the 3 major core businesses: (1) imaging system, (2) office equipment (scanners & printers), & (3) semiconductor manufacturing equipment (This is very different from Sony & Hitachi).
Partnership Agreements	<ul style="list-style-type: none"> ► Took full control of Sony Ericsson (2011). ► Ended the JV in LCD technology with Samsung (2011). ► Announced a partnership with Panasonic for development of organic light-emitting diode (2012). 	<ul style="list-style-type: none"> ► Acquired Horizon Nuclear Power (2012). ► Created a partnership with Mitsubishi Heavy to combine their thermal power system businesses. ► Announced a partnership with Panasonic for development of organic. 	<ul style="list-style-type: none"> ► Intended to invest 1 trillion yen in M&As in the medical imaging & intelligent robots sectors. ► Launched a collaboration with the University of Maryland to develop an automated system providing infectious disease diagnostics.
Access to New Technology	<ul style="list-style-type: none"> ► Acquired Gaikai Inc as the global leader in cloud-gaming (2012) ► Bought shares if 11.46% in Olympus to gain access to medical equipment technology. 		<ul style="list-style-type: none"> ► Acquired Océ, the Dutch printer maker (2012), (1) to strengthen its core activities & (2) to diversify the risk of currency fluctuation.
Internationalization	<ul style="list-style-type: none"> ► Strengthen Sony's supply chain in the BRIC economies. 	<ul style="list-style-type: none"> ► India as an export center for Africa & the Middle East. 	<ul style="list-style-type: none"> ► Brazil as the 4th largest digital camera market. ► "Canon Image Square" in India.



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■ Question

- ❖ To what extent can foundational Japanese cultural principles, such as *monozukuri* & the *Bushido* ethos, be reinterpreted in a manner that coherently aligns with the demands for agility & continuous innovation within the contemporary international business landscape, in order to sustain the global competitiveness of Japanese firms? (Gaia Nicoli)