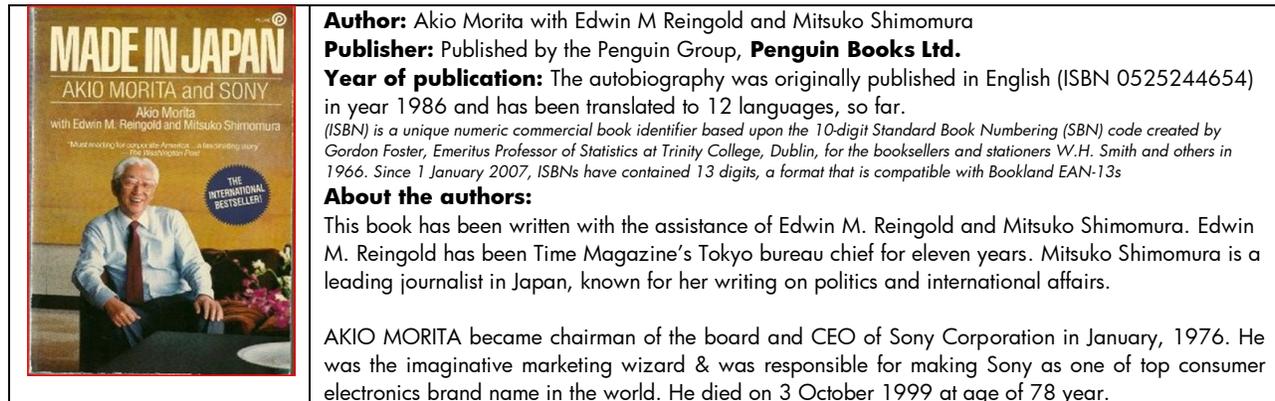


Made in Japan (AKIO MORITA and SONY)



'**Made in Japan**' by Akio Morita is arguably one of the best and thought provoking books that I have read so far. Made in Japan is an autobiography of Late Mr. Akio Morita, the co-founder and former chairman of Sony Corporation. The book not only narrates the story of Morita, but also talks about the making of one of the most successful electronics companies in the modern world, 'Sony Corporation's formation in the aftermath of Japan's brutal defeat in World War II, and its subsequent rapid rise to fame and fortune. The book also provides insights into Japanese social and business culture and the Japanese way of thinking, particularly the Japanese business management, philosophies and styles. The Japanese behavior is explained by putting it into a context based on Japan's history, recent and ancient.

Through, this book Morita introduces the origins of his family, and how Sony was founded. The book is narrated by Morita in an intensely personal, down to earth, conversational style. The book is divided into the following nine sections/ chapters:

- War (Survival and Hope)
- Peace (Our new life begins)
- Selling To The World (My learning curve)
- On Management (It's all in the family)
- American and Japanese Styles (The difference)
- Competition (The fuel of Japanese Enterprise)
- Technology (Survival Exercise)
- Japan and The World (Alienation and Alliance)
- World Trade (Averting Crisis)

Chapters picture the war, early tape recorders, and various observation and conclusions on international markets. The book by Morita also explains about various aspects of Japanese business, government and society. It was on to a seminal visit to Bell Labs in the early 1950s, when Morita looked at the best of American research—the transistor (for which its American inventors saw only a small niche market in hearing aids), and how the Sony took advantage of it. The biography gives authentic details about patent issues, business conferences in various countries, and the invention of the **first transistor television** in the world (**1960**), **VCR (1965)**, with aid of Aimpex Technology), Released the first Betamax home video recorder (**1975**), a year before VHS by JVC came out, Invention of **Walkman-** making it the world's first portable music player (**1979**), **Compact Disc(1980)**, Under Joint research with Philips) and launched the Discman series which extended their Walkman brand to portable CD products(**1984**) **et cetra**.

War (Survival and Hope)

Akio Morita was born on January 26, 1921, the first son and fifteenth-generation heir to a sake-brewing family (*Sake means 'Japanese wine'*) in Kosugaya village near Nagoya in Japan. Influenced as a boy by his mother's love of classical music, Morita developed a keen interest in electronics and sound reproduction. Akio Morita was fascinated with 'Wireless and Experiments' since his childhood and loved to experiment with wire recorder to record his voice and he possessed reckless enthusiasm at young age. He became so engrossed in his electronic experiments; he even built his own home radio.

Book Review: Written by **Vindu Vikash** (EGMP21 Batch), IIM Bangalore. **Email:** Vindu.Vikash@iimb.ernet.in

Akio Morita pursued his interest in science at Osaka Imperial University at the lab of Professor T. Asada, who was regarded as expert in modern & applied physics. Akio Morita completing the degree in physics in 1944 from Osaka Imperial University assisted his professor in research for the Imperial Japanese Navy.

Later, after completing his graduation in 1944, Lieutenant Morita worked at Japan navy as technical officer and supervised a special project group comprising of interdisciplinary team of scientist and engineers at the Aviation Technology Center trying to perfect thermal guidance weapons and night-vision gunsights. There, he met Masaru Ibuka, an electronics engineer, 13 years his senior. The two became close friends and eventually co-founded the Sony Corporation.

Though, during World War II the military authorities in Japan were aware that although they work diligently, but their military projects were not destined to succeed because they were lacking in resources and in time, both. On August 6, 1945 when Americans dropped atom bomb at Hiroshima and subsequent bombing of Nagoya, the major industrial cities in Japan were charred wasteland. This incident also gave a solid impression & belief to Japanese that the American industrial might was greater than what that they imagined and realized that in fact their technology difference was huge and Japanese technology was primitive in comparison with Americans. Japan's military technology was at least 20 years behind the Americans at that time due to the fact that Americans could possess Atom bomb and Japan didn't had anything at that time to counter it.

Amid raids over Tokyo-Yokohama area almost every day and every night in July and August of 1945, Morita's family was also deeply concerned that with the aggressiveness of Japan military that it would only leave a trail of bloody war but like most Japanese he had sensed for a long time that War was lost, but they had no idea as how it would end and what would happen after, however Morita had a feeling that War wouldn't continue longer. Only, after announcement from Emperor Hirohito on August 15, 1945 that war was over, most of the Japanese like Morita was relieved.

Peace (Our New Life Begins)

Though, there were also attempts made to prevent emperor's message from being broadcast and some army men planned to occupy the imperial palace(residence of Japan's emperor) to try encourage Japan's army to join in their rebellion against the surrender. There was an attempt to attack the then Japan Prime Minister Kantaro Suzuki, who managed to escape by using an emergency exit. Army and Navy aviators flew over the Tokyo area dropping leaflets calling on citizens to resist and to say that emperor's statements were invalid. Some 2.75 million people mainly Japanese soldiers, sailors and airmen died in the war which was a grievous loss for Japan already. Considering the weakened and smaller armed forces of Japan, Soviet Union entered war against Japan after Hiroshima bombing and seized some 5 islands, which were actually part of Japan and they still hold them today. Russians stormed into Manchuria which was under supervision of Japan and in the end about five hundred thousand Japanese soldiers were taken as prisoner and were made to work as slave in Siberia for nearly 12 years.

To most Japanese the end of war was a great relief as well as a national tragedy. Emperor Hirohito on August 15, 1945 while declaring that war was over, he also urged Japan to look ahead and to unite its strength to be devoted to the construction for the future.

After the bombing by Americans to his hometown near Industrial city of Nagoya, Morita had a strong feeling that he had a larger role to play in re-structuring of Japan. After the war days were over, Morita was called by his physics teacher Professor Hattori to teach at Tokyo Institute of Technology, because he had shortage of faculty. During this period, Morita also managed to establish contact with **Masaru Ibuka**, a brilliant engineer with whom he had worked earlier on a research project team. Ibuka was also opening a new lab in Tokyo called Nihon Sokuteiki or Japan Measuring instrument company, employed about fifteen hundred people that was into making small mechanical elements that controlled the frequency of radar devices. However, Ibuka didn't feel professionally satisfied with merely producing components in large quantities in the country side. Therefore, on the afternoon of May 7, 1946 some twenty people gathered on the third floor of a bombed-out & burned-out department store building in a war-devastated downtown Tokyo to establish a new company: Tokyo Telecommunications Engineering Corporations, lead by Ibuka which was later to become the Sony Corporation. The founder of this company, Masaru Ibuka, was 38 years old and Morita was 25. The TTEC, K.K. company was formed with 20 employees and initial capital of ¥190,000 (**USD \$ 500**) that Morita's family invested in TTEC, a forerunner of Sony, during the early period.

After formation of their company Masaru Ibuka had limited resources both in terms of cash and products so to get the cash flow ticking but at the same time they wanted to build something new along with establishing a financial base for the company. So, the group

decided to work on a simple rice cooker but they never perfected it, although they made several models. They did manage to get some cash flow with selling the home made heating pad made by wives of the employees of the company. His next attempt was to produce AM short wave receiver, which though was little expensive but become very popular, after a generous promotion given by newspaper 'Asahi Shimbun'. After reading this news and initiatives Akio Morita offered to help Masaru Ibuka, who had dire needs for funding for paying to employees of his company. Since, Morita already had a family business and therefore with permission from Morita's father family, Ibuka's and Morita started working together on their new business, while Morita's younger brother volunteered to take over as Sake brewer of Morita's family business. Most of funding to their company was raised with loan given by Morita's father who in-turn received the stocks in the company. Ibuka & Morita attempted to create a wire recorder but they couldn't achieve it because no manufacturer was willing to provide a raw material, which too expensive to produce but had too little customer. Their next attempt was to build a large broadcasting and mixing unit for NHK, which was appreciated by their customers. While delivering the mixing unit, Ibuka spotted American made Wilcox-Gay tape recorder, which was superior than their Wire recorder design. This gave them idea to work on tape recorder design and they managed to convince their colleagues that it's indeed a good product to work on. Subsequently, they attempted to develop the tape base material on their own by using indigenous technology and got orders from IBM in 1965, when IBM decided to use magnetic tape as storage in their computer devices.

However, they had a rude awakening because that the tape recorder was so new to Japan that no one was aware and most of people couldn't see as why they should buy it. As a result, they couldn't sell it in Japan though they produced 50 units at a time.

Eventually, with real life some lesson learnt on product selling, Morita began to engage customers in an American style of selling which was in form of verbal communication and audio/visual training that lead him to successful selling of products and also attempted for product improvisation for their target customers. In a process, they also filed patents for AC Bias Systems, which thereby prohibited any tape record makers to sell tape recorders in Japan without obtaining the license from them and earning them a royalty fees. These were times, when Morita fought with some American companies like Balcom Trading Company and Armour Research, trying to refute the claims and patents, which he won through lawsuits giving mandate in the favor of Morita & Ibuka's co. In the course of settlement, they also claimed rights to use Armour's patent in US and therefore could export without paying a license fee.

Both Ibuka and Morita after getting initial success with tape recorder, started eyeing international market for the products made by their company TTEC, K.K. . With Ibuka's vision, Akio had his Eureka! moment at Bell Labs, foreseeing the future of the transistor-based microelectronics that was, of course, at the heart of Sony's success in transistor radios, but is also the core technology of the entire computer and consumer electronics revolutions of our times. Incidentally, one of the physicists Leo Esaki in TTEC, K.K. was also recipient of Nobel Prize in 1973 for his work in the area of solid state physics & breakthrough in the transistor research.

In 1949, the company developed magnetic recording tape and in 1950, sold the first tape recorder in Japan. In 1957, it produced a pocket-sized radio (the first to be fully-transistorized). While exploring international market like US, Morita experienced that it was tough for customers to pronounce the Japanese name of his company and hence in 1958, Morita and Ibuka decided to rename their company Sony (sonus is Latin for sound, and Sonny-boys is Japanese slang for "whiz kids" with "young and pioneering spirits").

Miniaturization and compactness have always appealed to Japanese and hence Morita set the goals for radio redesign using transistors, as small enough to fit into a shirt pocket. Hence, their products design philosophy was not just to make portable products but also 'pocket-able' products, which surely attracted many customers in Japan.

Selling To The World (My learning curve)

Upon reading this section, at a quick glance, one might feel that Morita was flattering the Japanese - their culture, their management skills, their technology, their work quality, their working style et cetra. However, in retrospect, I am tempted to second his view. Japan, like a Phoenix bird, rose from the shambles after the World War II. The kind of economic growth they had after World War II was really remarkable, given that they are /were neither blessed with rich mineral wealth like Russia or USA, nor oil/natural gas like the Arabian countries. Japan is just a small island, cursed with active volcanoes, devastating tsunami and deadly earth-quakes; it was terrible to know that so many Japanese were unfortunate enough to see Tokyo rebuilt thrice after destruction - once after World War II and twice after earth quakes, which shook Japan in the last century.

There was a consensus among Japanese industrialists that Japanese co. must export goods in order to survive because Japan didn't had any natural resources except people's energy so it was natural for Morita to set the sight on market abroad. In this section, Morita narrates his experience of business with Americans and shares his experiences during his stay with American society.

In 1960, the Sony Corporation of America was established, as SONAM, in the United States. In 1961, the Sony Corporation of America was the first Japanese company to be listed on the New York Stock Exchange, in the form of American Depositary Receipts (ADRs), which are traded over-the-counter. During 1970s and 1980s, Sony established its footprints in various parts of world including

Germany, France and UK to reach out to customers through its stores at key location to be able to educate potential customers in Europe about the various products made by Sony.

On Management (It's all in the family)

Morita as a business leader believed in developing a healthy relationship with his employees to create a family like feeling within the corporation, a feeling that employees and managers shares the same fate. He explains the philosophy behind as to motivate people, you must bring them into the family and treat them like respected members. In a labor relation in a typical Japanese company there exists a kind on equality and bottom up decision making at times, that doesn't exist elsewhere and due to Japanese labor companies are required to create an environment for workers, that promotes lifelong or the long term employments. Such strong philosophy toward employees helped Sony to confront the extremist employees union's resistance at times and helped to avoid any management-employees strenuous relationship and rather promoted harmony within the Sony which was instrumental for the growth. With a family spirit in Sony (called "Sony spirit"), employees group could feel that they are not only part of the team but entrepreneurs as well, contributing profitably and creatively to welfare of all in the Sony family.

American and Japanese Styles (The difference)

Morita points out in this section that intrusion and influence of lawyers and legal mentality into so many facets of American business is in contrast to Japanese management style and philosophy and he stress the need to understand this aspect for the globalized and internationalized business. He shares that problems that lawyers create for business is at time seen as handicapping the entrepreneurial effort in the unites states and business & society had been worried over this issue due to existence of such legalistic business climate. Morita explains the fundamental difference between Japanese and American business style is that Japanese business is driven by long range and collective e.g. making profit for the purpose of continued employment and improving livelihood of the workers whereas American business is driven by assured return to the investors and yearly profits. Author finds that American business pride themselves on being rational in their business judgment which is derived from total logic of American business schools that seems to be cold, deemphasizing the human element. Morita also explains that it requires more patience, cultural alignment to do business with Japanese co. and shares about the belief of Japanese co. that to achieve high efficiency and productivity, it is necessary to maintain a close cordial relationship with the employees that helps to upkeep high moral of the employees. Morita asserts that American business focuses too much on short-term profits, such as moving manufacturing overseas, while sacrificing long term overall livelihood. Employees in Japanese companies form a tight community, so overall results are better.

Though, in this section author also criticized the attitude of American workers as compared to Japanese worker, saying that Japanese workers are more versatile, which appears to be slightly exaggeration in the expression & statement from author in my personal opinion & in today's context I do not agree completely with author's viewpoints.

Competition (The fuel of Japanese Enterprise)

Morita shares his views on completion in business in Japan that Japanese competitors in domestic market are often cutthroat but it is this keen competition that makes Japanese companies so competitive abroad. He explains that for exports Japan only considered to send those best products to world markets like America and Europe, which were recognized for the product quality, after sales services and price that could satisfy consumer whim.

Technology (Survival Exercise)

Morita explain about the ancient Japanese significant value concept called "mottainai", which explains great deal about Japan, Japanese people and the industry. It is expression that suggests to waste something is to be considered as kind of Sin, Shameful and crime but literally this concept is applied and goes beyond meaning of frugality, recycle or conservation, as it is considered more as religious concept in Japanese industry and society as well. Adoption of such a concept helped Japan to overcome oil crisis and as a result Japanese companies tend to use less crude oil, coal and natural gas than in 1970s and has helped to become business more efficient. Sony also continually tries to make innovations with its products design, which are more energy efficient and thereby consuming less power, more efficient and causes lesser harm to the environmental heating.

Japan and The World (Alienation and Alliance)

Morita explains about Japan, US and Europe being the biggest trade partners should try to develop its own competitiveness and solve the trade imbalance problems, which is natural given the larger share by US, Japan and Europe in the world trade. Morita asserts that "foreign companies have their own problems competing with Japan, it is often as much a failure of that industry as it is a success of Japanese industry, and US and Europeans shouldn't blame Japan for making good and attractive products." Morita highlighted in this

section about the work done by him to promote the free trade between US and Japan and he also shares his experiences with various business and political leaders on the issues free trade and liberalization.

World Trade (Averting Crisis)

Morita explains that the shortsightedness statesman and businessman around the world see their problems in a bilateral terms. Morita advocates that in order to have economic activity in a free and open economic system, it is important to reach an agreement on price stability with a balancing agreement on exchange rates system based on industrial values rather than money markets. Morita recommends that world business community need to get together and sought intervention of IMF as well to remedy the situation.

Morita concludes that in the free world with lesser trade restrictions, it is possible to stimulate more productions and can take advantage of the possibilities for the growing the world economy.

Having once been stung in Europe to learn that Westerners in the 1950s equated “Made in Japan” with “toys” and cheap, poor-quality items like the little umbrellas floated in cocktails, Akio would go on to oversee breakthrough developments in color television, camcorders, video recorders, and the Walkman, among thousands of other Sony products that helped redefine “Made in Japan” as a phrase embodying leading-edge technology, quality, and high customer satisfaction. Akio was inspired by Dr. Philips in Holland, who hailed from small countryside village in an agricultural country like Holland and still could build huge, highly technical company “NV Philips Enterprise” with a fine worldwide reputation. Akio Morita indeed proved that in Japan by changing the image of the world “Made in Japan” reflects from something shoddy to something fine and symbolizing superior quality now.

The world vision of Morita is not just an accomplishment of this goal for a single nation or that a few nations to have accomplished this goal is not enough. **Morita’s vision of future is of an exciting world of superior goods and services, where every nation’s stamp of origin is symbol of quality, and where all are competing for the consumer’s hard-earned money at fair prices that is reflected through appropriate rate of exchange.** Morita strongly believes & provokes a thought that such a world is within our grasp. The challenge is great and success depends only on the strength of our will.

Akio Morita – Representing Japan around the world

The book “Made in Japan” helps to understand the background & circumstances that lead Akio Morita to become a visionary, innovator & an inventor of the world-changing consumer products. Morita was also Japan’s greatest ambassador-at-large, and a thoughtful architect and dynamic builder of the new global economy. He could not only dream the big dreams—he could make them come true so in my opinion AKIO MORITA was not only a unique citizen of Japan, but also a unique citizen of the world. Coming from a society that generally de-emphasizes the importance of individuals, he was a unique and distinctive individual. According to some opinion polls, he was the most recognizable Japanese face in the world & his name was generally better known in the West than that of any other Japanese citizen (including Japan’s prime ministers). Sony, the company that his creative and entrepreneurial energies made so uniquely successful, was among a handful of the best-known brand names in the world, and was probably the single best-known name at the confluence of quality and brand recognition in the minds of global consumers. Akio’s success in putting a human face on the austere faceless image of Japan, Inc., in the West (and of coming to personify the Japanese economic miracle in the process) is legend story. Following up on, Akio not only understood the need to put a human face on Japanese business; he had tremendous insights that related to the global economy and to issues far beyond the parochial interests of Japan.

Akio Morita was a vigorous exponent of globalization and understood probably better than anyone else that it was going to be a way of life. He also understood that there would be problems with globalization and challenges to this process. He envisioned putting in place a framework that could support globalization in the face of inevitable inequities, disparities but he favored not just “globalization” in the abstract, but something he called “global localization.” Under his formulation of global localization, he proposed that multinational companies should strive to manufacture and create jobs in local markets, transfer technology and skills, defend the environment, and otherwise contribute as good corporate citizens building up local and regional economies around the world. Sony, under his leadership and today, is an exemplar in these areas. Akio articulated a visionary proposal for global economic and business harmonization, to which he expressed his views in several business forums. Almost alone among leading Japanese voices of that time, he recognized that Japan would have to give up a lot in terms of more open access to its markets, deregulation, and so forth, in order to be a credible participant in a genuinely harmonized new world economic order. Akio’s phrases designed to express political, economic, and social ideas have also become part of the global public domain. In addition to “global localization,” he spoke often of “fate-sharing” to express the mutual responsibilities of business, government, and labor on the one hand, of the

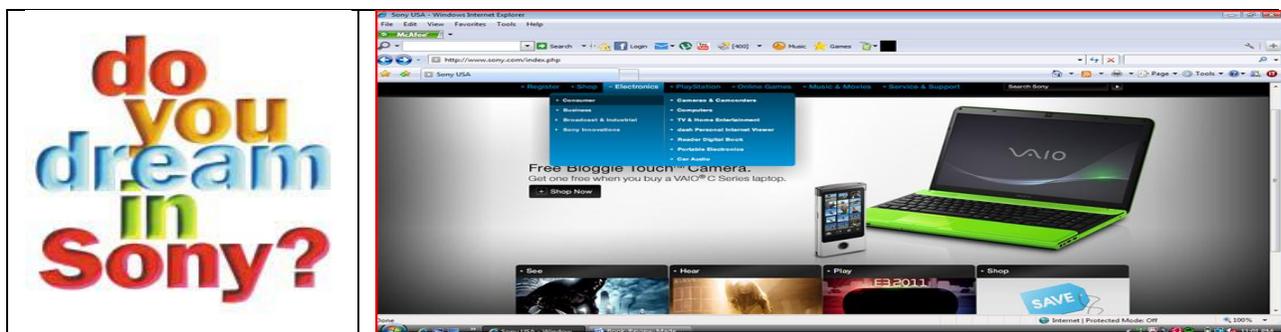
United States and Japan on the other. He spoke of “cooperative competition” between companies. His thinking on this subject helped lay the philosophical basis for many of today’s partnerships between companies that are also competitors. He applied this theory to national economies as well, offering a rational view of how the United States and Japan could compete and cooperate economically towards a mutual benefit. He did not coin the term “human capital” but he was an early adopter of it. He placed great value on selecting new recruits for Sony, based not on their university degrees but on what they could contribute. He was not the first to speak of the marriage of hardware and software. But with Sony’s bold acquisition of CBS Records and the admittedly sometimes troublesome acquisition of Columbia Pictures, he pushed Sony further than any company had gone at that time in trying to explore the possible synergies between hardware and software. Sony bought CBS Records Group, which consisted of Columbia Records, Epic Records and other CBS labels in 1988 and Columbia Pictures Entertainment (Columbia Pictures, TriStar Pictures and others) in 1989.

Mr. Morita’s vitality and cheerful disposition allowed him to form a broad base of personal relationships in Japan and elsewhere. He constantly strove to build bridges between Japan and other nations, helping to build sound economic relationships and to make Japan a member of the global community. As such, Mr. Morita’s statements always drew attention. As a representative of Japan’s business community, Mr. Morita served as a co-chair of various conferences, including the Japan-U.S. Business Council, The Trilateral Commission, and the World Economic Forum in Davos. He also helped ease trade friction with the U.S., assisting in improving Japan-U.S. relations by playing leading roles in the Keidanren (Japan Federation of Economic Organizations), the Japan-U.S. Economic Relations Group, also known as the “Wise Men’s Group”, and other organizations & he directed his energy to furthering mutual understanding between Japan and the rest of the world.

I always believed that attitude determines everything - when Sony was co-founded by Akio Morita and Masaru Ibuka, two creative young and creative engineers, they had no positive atmosphere for starting a company. They found it very difficult even to get a decent work place and the basic raw materials to build their electronics product had to be sourced from black market. But within few months after the World War II, Sony and other Japanese were not worrying about the havoc caused during the world war but rather they were looking ahead to restructure Japan with a robust industrial growth. In his book Made in Japan, Akio Morita has expressed a very strong view on almost everything, including his views on the world economy, the economic development across the world and the management strategies employed by the west vs. Japan were all very informative. His decisions in tight situations were spot-on most of the times, though some of them were learning experiences. Made in Japan was not only a good book on management but also provided me deep insights on the world affairs and Japanese culture.

In short, 'Made in Japan' was an interesting and informative read and it gave very good insight of how a business, government and society are tied together to achieve the larger goals for benefit of society and business community, while up keeping the self belief and confidence even during the difficult times such as war. It also symbolizes that objectives of business is to have sustained economic growth while using innovation as a driver for growth. Mr. Morita rhetoric was that Japan must be conscious of its role as a world leader, and do its part to support the world economy. Japan must help build up Asia to strengthen its position as a regional economic leader. Japan must give more foreign aid if it wants to be a true world leader. He equates these efforts with doing local community service.

In 1998, Mr. Morita was chosen by the U.S. magazine Time as the only Asian member on its list of the 20 most influential business people of the 20th century.



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