

Company Management for Happiness of Japan's Citizens

Bill Totten

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I. Business Principles --

I believe the goal of society is the happiness of citizens. The best society is one that achieves the greatest happiness for the largest number of citizens.

The roles of businesses in society are to provide products and services contributing to the happiness of citizens, and to provide jobs. Pursuit of profit, revenues, or market share are not appropriate goals for businesses. A business should seek only enough profit to stay viable - that is, to cover the investments in research, development, plant and facilities necessary to enable it to continue providing products and services contributing to the happiness of customers, and to continue providing jobs for its employees. If a business earns profits beyond this necessary amount, it should improve its products and the quality of its service, lower prices and improve working conditions or remuneration. A business should seek only enough revenues to cover its expenses and attain the profits needed to stay viable.

When businesses strive only to provide products and services or employment that contribute to the happiness of customers and employees, respectively, society is able to produce goods and services that contribute most to overall happiness. It can also then distribute those goods and services to the people who produce them. How could Japan achieve any greater happiness than when its 125 million citizens produce the goods and services that contribute most to their own happiness, and distribute them in proportion to each citizen's contribution to the overall product? I believe the period of high economic growth, in which many Japanese corporations followed these business principles, was the time that Japanese society was at its most stable and the economy was most prosperous.

II. Changes in Japanese Society --

I believe the decline in Japan's society and economy since 1988 (around the beginning of the Heisei Era) resulted from businesses abandoning the above-noted principles to grasp greedily for profits. Instead of producing goods and services that contribute most to society, businesses are now producing goods and services which bring the highest profit rates. Rather than informing citizens honestly about products and services, businesses now are using slick advertising and marketing techniques to seduce citizens into buying products and services. Realizing that the quickest and easiest way to increase profits is to cut personnel costs, businesses now are abandoning their commitment to maintaining satisfying and secure jobs for their employees.

Why have Japanese businesses changed so suddenly from the approach of contributing to society to plundering it? Why do many companies that sought to contribute to the happiness of citizens during the

Showa Era (1925 to 1987), now seek to reduce the income of their employees while also fleecing these same citizens as consumers? I think the answer is that for the first time in its long history, Japan has been governed since the beginning of the Heisei era by people who know little or nothing about Japanese values or culture. From the Heian Period until the end of the Showa Era, Japan was governed primarily by people educated in traditional Japanese values. Since around the beginning of the Heisei Period, however, Japan has been led by people educated by the system General Douglas MacArthur imposed after 1945 to subvert Japan by mind control into an American colony. Japanese have been taught since 1945 to despise Japanese history, culture, values, practices - even their ancestry - and to ape Anglo-Saxons, whose history, culture, values and practices are practically the opposite of Japan's.

Anglo-Saxons are fundamentally hunters who have traditionally maintained bipolar societies in which a small, rich and powerful class of overlords have kept the masses in poverty. In such societies, where most members are barely able to meet current living expenses, the rich overlords are the only ones who can save, and thus are the only source of capital. The ruling class propagates many kinds of lies to serve its own interests. One of these lies is that within the system of "capitalism", a special reward is required to motivate people to save part of their current incomes. Implied is that such incomes are the sole source of capital and that without this special reward (of exorbitant interest) there would not be enough capital to finance production of goods and services for society. This is false because, in such a bipolar society, the rich are too wealthy to consume all their current income; they have no choice but to save the portion they cannot consume. Another lie is that in the capitalist system there should be appropriated to the holders of capital - the resource that only rich and powerful members of bipolar societies can supply - foremost rights to the goods and services produced by all members of society. Moreover, there is the lie that the system of capitalism should enrich wealthy, powerful overlords vis-a-vis the masses, who, unable to save, can contribute only their labor to the production of the community's goods and services. Such lies of capitalism thereby entrench the power of the rich overlords over the masses.

Compared to this Anglo-Saxon social model, before the recent recession, Japan built a relatively equitable society. Most people have been able to live above the subsistence level, and they have had the ability and natural desire to save part of their incomes. They spend part of their incomes on necessary living expenses and save the rest to use for travel, automobiles, housing and other durable goods, children's education, retirement funds, and so on. In Japan, people have needed no other incentive to save; all they need is the assurance that they can retain their savings free from loss caused by inflation, theft, malfeasance or misfortune.

Until the end of the Showa Era, Japan provided such assurance. The government strictly regulated banks and other financial institutions so that most Japanese citizens living above the subsistence level could save a substantial portion of their incomes for later consumption. This regulation ensured that citizens' savings would not be eroded by inflation, theft, malfeasance or misfortune. It also guaranteed that financial institutions would loan the savings that had been entrusted to them to Japanese producers and consumers at the lowest rate of interest to be able to cover the rate of inflation and their own legitimate operating expenses.

This system provided Japanese businesses with all the capital needed to cover investments in research, development, plant and facilities that were needed to enable companies to continue providing products and services contributing to the happiness of customers and employees. In other words, Japanese businesses had no need to make excessive profits to reward so-called "capitalists". The only return Japanese businesses needed to repay what they had borrowed was the interest required to prevent erosion of savings from inflation, and to cover the operating expenses of financial institutions that handled those savings.

Japanese leaders today have failed to understand their own society as well as Anglo-Saxon societies. They have created the worst of both worlds in Japan by deregulating banks and other financial institutions via the so-called "Big Bang reforms". As a consequence, Japanese citizens, who supply most of Japan's capital by saving large amounts of their current incomes, now receive miniscule interest when their savings are deposited in Japan's banks and other financial institutions. Because of deregulation and Big Bang, those banks and institutions now demand up to 25% return on the monies they manage. They have also been refusing to make loans to businesses and consumers willing to pay a reasonable rate of interest (an amount covering the rate of inflation plus legitimate expenses of operating the financial institution), choosing instead to loan the monies abroad at much higher interest rates and to gamble on stocks, bonds, derivatives and currencies. Some financial institutions even provide funds to notorious commercial moneylenders such as Nichiei, which charges usurious rates of interest and, like gangsters, collect repayment by whatever thuggery they decide is required. Consequently, Japan's real capitalists - ordinary citizens who save substantial portions of their incomes - barely receive enough interest to cover the cost of inflation. Meanwhile, mere managers of their savings - recently deregulated banks and financial institutions - demand a 25% return for themselves on citizens' deposits. This means that they are demanding up to 25% of all goods and services produced in Japan. As a result, tens of thousands of Japanese businesses are losing income or going bankrupt, thereby throwing nearly three million people out of work.

Japan's economy is not depressed in any real sense. Japanese are producing more goods and services today than they did before thousands of businesses failed and three million workers lost their jobs. The real problem is that financial institutions after the Big Bang have been using Anglo-Saxon lies about capitalism to demand up to 25% of all goods and services produced domestically, leaving only 75% to be distributed among the people actually producing those goods and services. The bankruptcies, rising unemployment and increasing suicides derive from this recently-imposed system of citizens having to pay tribute to financial institutions. In sum, these problems are a result of Japan's current leaders having been brainwashed by MacArthur's post-war education system. As colonials, they have been brainwashed to attempt to impose Anglo-Saxon methods, which they don't truly comprehend, onto their own society, which they also do not fully understand.

III. Ashisuto's Management Philosophy--

In earlier sections of this essay, I discussed the state of Japanese society today and what I believe to be the role of an enterprise in society. I believe managers must understand the purpose of their businesses and should have a clear understanding of the environment in which those businesses are operating. It is also imperative that employees understand these points as well. Toward this end, we require Ashisuto's managers to follow our board's philosophy about a company's role in society. And we require that our managers help all employees understand why we do not focus on pursuing profit as an end in itself, and why we seek to minimize dependence on outside capital.

Maintain a Clear Focus--

Every business offers different products and services. Ashisuto, as a Japanese company, strives (for the present) to conduct business in Japan only. Our role is to provide goods and services to contribute to the happiness of Japanese citizens.

No company can provide all the products and services essential to the happiness of all Japanese citizens. Since our establishment in 1972, we have provided computer software products to help large corporations better manage their businesses, primarily by enhancing the productivity of their employees. I see no reason to change this focus as long as we can conduct a healthy business by providing such products to large corporations. In the near future I can see only the following potential changes in our focus: 1) the need to sell services associated with our products, if and when our customers demand such services; 2) the opportunity to sell to smaller businesses the same products we now sell to large corporations, as those products become suitable (in price, size and usability) for smaller businesses; 3) the need to sell to smaller businesses different products and services in areas where we have offices that cannot sustain themselves by selling only the products we now sell to large corporations; 4) the need to provide career opportunities suitable for each stage of the lifetime careers of our employees until 70 years of age.

Provide Excellent Employment--

Business must offer excellent employment. Our approach is to hire people immediately after college graduation and offer them lifetime employment until age seventy. We hire employees based more on our judgment of their character than on any particular skill, knowledge or experience they may possess. The reason for this is our desire to hire the kind of people we will enjoy working with for the next fifty years. We hire people to work with us as partners and not as human resources to exploit.

We offer lifetime employment until age seventy for those who want it but we have no desire to imprison those who want to leave earlier. I consider lifetime employment to be a one-way commitment from the company, which is in a position of strength, to the individual, who is in the weaker position. Thus, our company conducts its business to protect the livelihoods of our employees, but at the same time, they are free to leave whenever they choose. All I ask is that each employee contribute more to the company than he or she takes out of the company while in our employ.

To repeat, lifetime employment is a commitment, not a guarantee. Neither I nor any small number of executives or managers can guarantee lifetime jobs to all of our employees. What we can commit to is providing an environment in which every employee who works sincerely and diligently and who contributes at least as much to Ashisuto as he or she takes out of it, can guarantee his or her own job for as long as he or she wants it.

The reason we hire primarily only college graduates is that we've found a full, four-year college education to be the best preparation for a career at Ashisuto. We don't normally hire people who've worked elsewhere because we found that our managers tended not to take as good care of employees when they felt they could replace the employees easily at any time. Our refusal, with rare exceptions, to hire people who have worked elsewhere is one way we try to ensure that we treat everyone we hire as partners and not as human "resources".

Promote Trust and Development for the Long-term--

Employees can guarantee their own employment for the duration they wish to contribute to the company. I would like to pursue in detail just exactly what this means.

We try to reach prompt decisions about new products and services and about business development based on opinions of sales and technical leaders who actually deal with customers.

Customers will buy from us only if we are competent. To survive, Ashisuto must always understand our customers' needs and have the technical competence to provide products and services that satisfy those needs, at prices they are willing to pay. Employees who do not understand how he or she contributes, either directly or indirectly, to meeting the needs of our customers should realize that such employment is not secure. To feel secure in employment, Ashisuto personnel should feel confident of explaining how he or she contributes more to Ashisuto than he or she costs the company.

Customers will nearly always buy from those they trust. Although this may not be so true of simple daily necessities, it is particularly true of complex and vital products like the computer software we sell. Sincerity and honesty are two of the most precious assets any employee or company can possess. When we deal sincerely with customers and try to serve them honestly rather than covet their money, we build trust for ourselves and for Ashisuto. This will also help Ashisuto employees build security in their own careers. A competent salesperson will usually know better than prospective customers whether or not they can benefit from his or her products. A sincere salesperson will tell customers when they are better off buying nothing, will introduce a competitor's products when those serve the customer better than his or her own, and will try to sell his or her own product only when it best serves the prospective customer's needs. Such a salesperson sometimes sacrifices immediate sales opportunities but always builds the reputation required for long-term prosperity.

The same holds true for honesty. The honest person never oversells his or her product, always admits when he or she doesn't know the answer to a question, and always keeps all of his or her promises to customers, prospects and teammates. Every honest act enhances a reputation that makes work and life easier, more secure and more prosperous.

Customers nearly always prefer buying from, and employees nearly always prefer working with, people they respect. People who are respected have a consistent set of values, morals and ethics upon which they base their behavior.

These four items may seem simplistic, but they are based on what I have experienced in my 58 years of life, including my 30 years in Japan and 28 years with Ashisuto. I have found that everyone prefers buying from and working with competent, sincere, honest people they like and respect. Becoming such a person ensures the prosperity and security of our employees' own careers as well as those of Ashisuto.

IV. Ashisuto's Business Strategies--

Here I will explain what kinds of strategies Ashisuto uses to fulfill its role as a company based on the above philosophies.

We do not need to concern ourselves with how to facilitate Ashisuto's growth. As long as we satisfy the customers whom we choose to serve and the employees we have hired, our growth will be adequate. We should always seek the size most comfortable for ourselves. Do we want to be like the Toyota or Ferrari of our business, like MacDonal'd's or like a five-star restaurant? We should think well about our goals for growth.

Focus on People Rather Than on Technology--

Ashisuto's emphasis is on people, not capital. We want to minimize an emphasis on capital while maximizing our focus on people when conducting business. Accordingly, we should avoid spending heavily on advertising but should always try to base sales and support on close personal relationships Ashisuto employees develop and maintain with customers and prospects. We should never use voice-mail, or other technologies that replace humans with machines. Instead, we should invest in technology that enhances the productivity and effectiveness of employees. We must always be careful to distinguish the subtle differences between those capital investments that replace us by supplying the value that we otherwise could supply ourselves and those that increase the value we add by enhancing our productivity and effectiveness. At Ashisuto, our incomes derive solely from the value we add personally; we must always conduct our business in a way that emphasizes that personal contribution.

Ashisuto distributes software products owned by others. When we base our business on their products, suppliers can always take the business away from us, as they sometimes have. Thus, our company should

always base its business on sales and support, the two areas we add and own. A supplier can always replace easily a business that sells only niche products in limited areas of the country to specific target companies. A supplier finds it much more difficult to replace a business unit which sells and supports its products as part of an integrated line of products and services to a wide spectrum of customers throughout Japan.

Ashisuto's current size of 700 employees can be a powerful team, a dangerous mob, an idle crowd or simply 700 individuals. To keep our best people and to make them most effective, we must build teamwork. Employees will rarely leave a team that they believe contributes more to their success than they themselves contribute; a member of a close-knit team will also be effective individually.

V. Duties as Members of a Democratic Society--

We should never forget how little of our success derives from our own ability or effort, and how much comes from society. We benefit from the nation's roads, railways, seaports, airports, schools, hospitals, telecommunications, gas, water and sewage systems, safety and the basic honesty and goodwill of Japanese citizens. How successful or prosperous would we be without these?

We should never forget how few others are so fortunate. What if we had been born and raised in a poor country, like Bangladesh or Ethiopia? Or a country ravaged by war and bombs, like Iraq or Serbia? Or a country, like many of those in South America, run by a few oligarchs who enrich and empower themselves by impoverishing and brutalizing the citizenry? Would we be as healthy, educated, comfortable, prosperous or happy as we are now?

It is inevitable that the strong will attempt to plunder and exploit the weak. That is how most animals, including human ones, have lived throughout history. Western societies were ruled by tyrants who lived opulently by oppressing the populace until the French Revolution of 1789. In England, the poor were despised and abused until about the time of the Meiji Restoration in Japan (1868). The term "democracy" was an epithet to the plutocrats who founded the United States. They controlled government, using it as their private tool to enrich and entrench themselves. Americans did not attain most of the democratic laws and institutions they tout today until the 20th century.

Make Democracy Work by Always Voting--

It may be difficult for people born in the past few decades in an egalitarian country like Japan to realize how recently democracy was attained by the few who now have it. They may also not know how hard and long people have fought to attain democracy and how easily it can be lost when common citizens lose their vigilance in maintaining it. Since 1980, Margaret Thatcher and her coterie have rolled back many of the democratic reforms attained in England in the past 150 years, while Ronald Reagan and his followers have wiped out many of those reforms attained by Americans in the past 100 years. In Japan, the Liberal

Democratic Party and its clones have been doing their utmost since about 1990 to sap the democratic advantages Japanese have enjoyed over the past fifty years.

I believe most of our happiness and prosperity as individuals and most of Ashisuto's success in business, has come from living and working in a society that has been governed in the interests of the citizens. But in the past ten years, the governance of Japan has changed drastically. Nearly every day I see evidence of the government making decisions that benefit the United States, as well as Japan's richest individuals and largest corporations at the expense of the majority of Japanese citizens. I believe the reason for this phenomenon is that these groups work very hard to pressure Japan's government to pass laws and use tax revenues in their interests. Most Japanese citizens, on the other hand, abdicate their democratic power to persuade the government to govern on their behalf by failing to vote.

In short, most of our success and happiness comes not from our personal abilities or efforts, but from society. To maintain our successes, we must ensure the government works for our benefit rather than against us. To do that we must be vigilant about the actions of the government, punish at the polls those politicians who work against us and reward those who work to help us. We must influence our compatriots to do the same.