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OUT OF THE SHADOWS

Why the New Japanese Bosses Are So Good for America

TRUE CONFESSIONS

What You Can Learn From Watson, Neuharth, and Trump

FAXPOLL

Are You Paid Fairly?

AKIYA IMURA, CEO
MATSUSHITA OF
AMERICA

JAPAN'S BOSSES

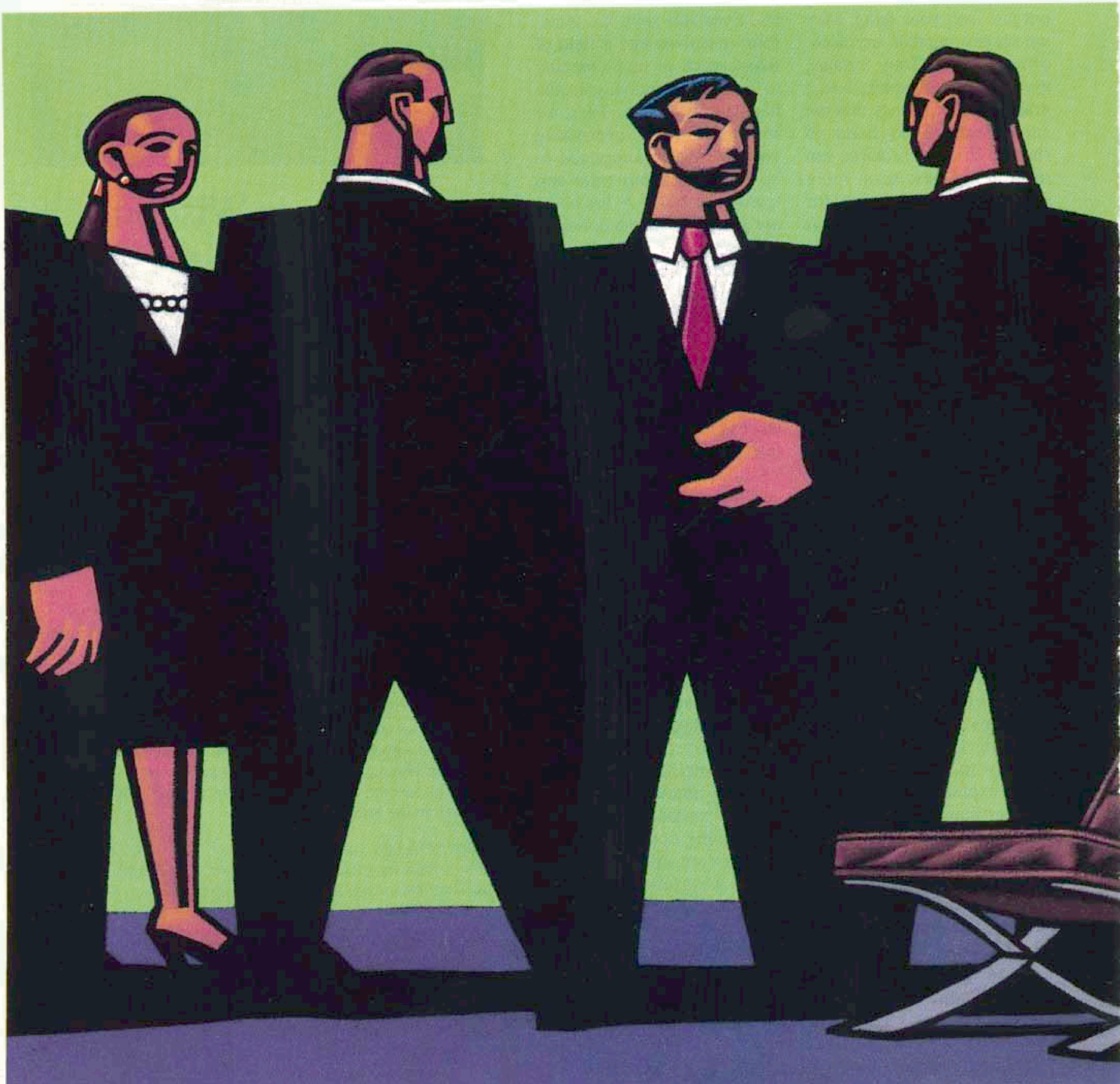


ILLUSTRATION BY DOUGLAS FRASER

SO WHO ARE THEY?

BY ALEX PRUD'HOMME

AKIYA IMURA

MASAAKI MORITA

YUKIYASU TOGO

KIYOHIDE SHIRAI

SADAHEI KUSUMOTO

LIKE MANY AMERICANS, I HAVE A SLIGHTLY schizophrenic relationship with the Japanese. As an individual, I have long been addicted to their remarkable products—the Honda Accord I cruise in, the Sony Walkman I tune-out to, the Canon Sure Shot that turns me into a paparazzo. Yet, collectively, we Americans also resent Japan's growing economic influence. On the one hand, we have made the Honda Accord *the* most popular car in America today. On the other, when Sony bought CBS Records and then Columbia Pictures, we were appalled that the Japanese would determine the future of our most cherished pop culture—movies and rock and roll.

So in a moment of cool reflection, I decided to find out exactly who is running the Japanese companies in the U.S. I knew it wasn't "the Japanese" or "Japan, Inc." There had to be individual managers making decisions. I would track them down, and BUSINESS MONTH would bring them out of the shadows.

But it wasn't easy.

Corporate Japan's American holdings have grown geometrically over the last decade. A striking 50 percent of the over 1,000 Japanese subsidiaries in the U.S. began operations after 1985, and all but a handful are headed by a Japanese manager. As a result, my quest took me to big companies and little companies. I was on the West Coast, the East Coast, and in between. I talked to academics and consultants and a lot of PR people, mostly Americans.

I learned quickly that one reason we don't know very much about these men (and they are all men) is that they don't particularly want us to. When I tried to meet with Minoru Arakawa, president of Nintendo America (which controls 80 percent of the home video-game market), for example, I was told that he "never does interviews." Hitachi America's new president, Keishi Toda, politely declined because he didn't trust his English. The gatekeepers at Honda—long held to be one of the most progressive Japanese companies in America—allowed me to visit their plant in Marysville, Ohio, and talk with both an American and a Japanese executive vice president. But they refused to let me speak to Hiroyuki Yoshino, president of Honda of America Manufacturing. "You won't get much out of him," they said. Oddly enough, during most of my interview, which was conducted in Honda's open, newsroom-style office, Yoshino was at his desk, only a few feet away.

Finally, I settled on executives from five of the most successful Japanese-owned operations: Matsushita, Sony, Toyota, Kyocera, and Minolta. Each agreed to a face-to-face interview. But, again, it wasn't easy. In order to meet with Matsushita's Akiya Imura, for example, I had to tiptoe through a labyrinth of protocol and bureaucracy. His handlers were concerned that if Masaaki Morita of Sony—Matsushita's nemesis—were pictured on the cover of the magazine it would prove an embarrassing "loss of face" for Imura. As it turned out, they needn't have worried.

Although each manager has his own style, the group—viewed in aggregate—provides a telling insight into how these executives perceive the American work force. It also brings into focus just how much of the current tension between American managers and their Japanese colleagues has to do with the clash of cultures. There is more than a little ethnocentricity and stereotyping at work—on both sides. Kyocera's Kiyohide Shirai, for example, explained that he has a hard time convincing Americans they should spend more time at work than with their families. "In order to be number one, we have to dedicate our lives to the company," he said. "Americans don't seem to understand this."

I was also reminded more than once that Japanese companies rely on a system of lifetime employment and small wage increases, notions completely foreign to the more mercenary Americans. "When we first came here, we were amazed at how often people changed their jobs," Minolta's Sadahei Kusumoto said. "That made us uncomfortable—we never knew when our American employees would quit and go to the competition."

What he didn't mention was that the high turnover rate is exacerbated by the fact that most American managers at Japanese companies feel they have been excluded from key deliberations and denied promotions. "A lot of them believe the head of U.S. operations will never be anyone other than a Japanese, and that Japan's gut-level feeling is, It's us versus them," says Schon Beechler, an expert on Japan at Columbia University. As a result, Japanese companies have had difficulty recruiting America's best and brightest. Sensitive to such criticism, every manager I talked to maintained that he was trying to include and promote nationals. Only Kusumoto said it was unlikely that an American would ever run his company's U.S. operations.

Why? Because he believes the top executive of a Japanese company should be fluent in Japanese. The important communications are, after all, with headquarters. In fact, few of the executives I spoke with were confident of their English conversational skills, and all but Kusumoto, who has lived in America off and on for 26 years, had an American assistant or two by their sides in our meetings (which were conducted in English). "English, spoken slowly and without slang, is our

PHOTOGRAPHS BY NIGEL DICKSON

corporate language," said Toshikata Amino, an executive VP at Honda.

It is also true that few American executives bother to learn Japanese even though they admit that one of the reasons they feel isolated is the language barrier. Only two of the many PR specialists I met—most of whom had been with their companies for years—had any more than a rudimentary knowledge of Japanese.

In the final analysis, however, the central concern of all these executives was how to manufacture the highest-quality product. It is their one true obsession, and they don't think American companies are capable of doing it. "Americans prefer to buy equipment made in Japan, even if they can get the same product made here," observed Kyocera's Shirai. "They don't trust their own workmanship." Kusumoto said that, while Minolta may produce business machines in the U.S., it will never produce camera equipment here. "In Japan the assembly line consists of unmarried 17- to 22-year-old girls," he said. "They are the best personnel for camera assembly because you need good eyes and delicate hands. In America, people on the line tend to be older ladies. Their eyesight isn't as good, and they don't pay as much attention to detail."

The question Japanese companies must answer now is why they can't seem to duplicate in America the quality they get in their Japanese plants. They are beginning to understand that simply transplanting Japanese management techniques won't do it. Nor will installing Japanese managers. "We are on the threshold of significant change," predicts Peter Grilli, a consultant on Japanese affairs. "Over the next five or six years, as these companies become more embedded in American life, head offices will give more autonomy to local managers and will hire Americans at more senior positions."

To make the transition, Japanese-owned companies will have to nurture a hybrid management style that values what both cultures have to offer. Future growth depends on cutting the 5,500-mile-long umbilical cord that binds them to Tokyo. If and when that happens, the men I talked to are the executives who will have to transform their Japanese subsidiaries into American companies.

And it won't be easy.

AKIYA IMURA

Matsushita

CLASHING SYMBOLS

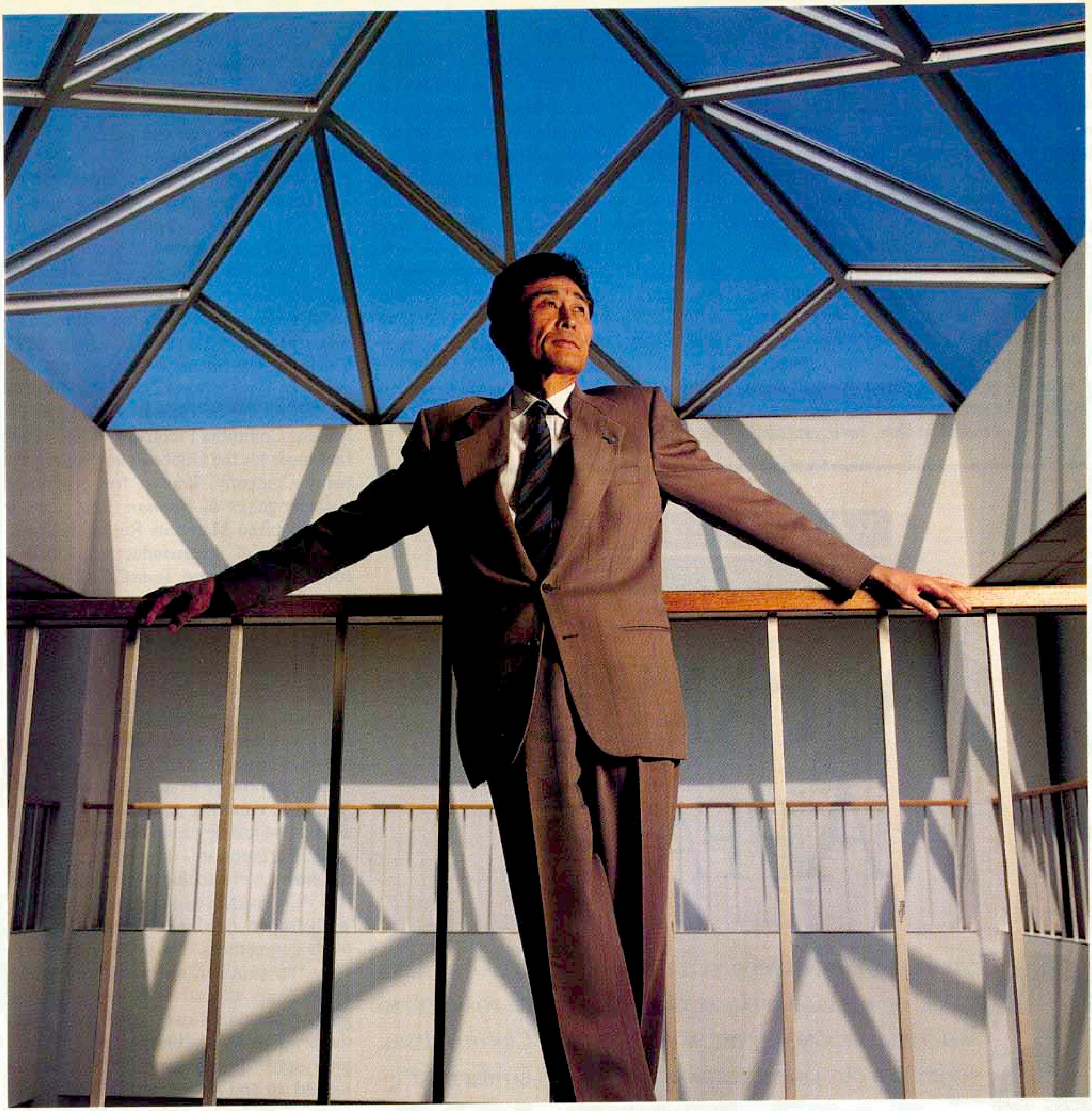
IN THE THREE YEARS AKIYA IMURA HAS BEEN CHIEF EXECUTIVE OF MATSUSHITA ELECTRIC CORPORATION OF AMERICA (MECA)— THE LARGEST SUBSIDIARY OF THE LARGEST CONSUMER ELECTRONICS FIRM IN THE WORLD—MUCH OF HIS TIME HAS BEEN SPENT EXTRICATING HIS COMPANY FROM THE KINDS OF MISUNDERSTANDINGS THAT PLAGUE JAPANESE MANAGERS ABROAD. IRONICALLY, HE WAS ONE OF THE BEST PREPARED, IN TERMS OF EDUCATION AND PREVIOUS EXPERIENCE, TO WORK IN THE U.S. HE MAJORED IN ENGLISH LITERATURE WHILE IN COLLEGE IN OSAKA, WHERE HE WROTE HIS THESIS ON ALDOUS HUXLEY. HE established Panasonic, U.K., in 1972 and served as its managing director for 12 years. Then, after a brief stint back in Japan, he landed at the company's New Jersey headquarters in 1987.

At the time, MECA, which manufactures consumer electronics under the brand names Panasonic, Technics, and Quasar, was embroiled in a bitter price war with competitors like RCA and Philips. "The big American electronics dealers were using promotions and discounted prices to sell our products," Imura said. "They *were* selling, but we were not making any profit. We couldn't expand. It was really suicide." So Imura made what he thought was the only decision a good manager could: He forbade the dealers and retailers to discount MECA's products and implemented a one-price policy.

Unfortunately, New York Attorney General Robert Abrams saw the decision differently and charged the company with attempting to "put together the largest vertical price-fixing scheme in the history of the country." Abrams's charges hit all the major news media. "In a few short months," Abrams trumpeted, "over $15 million was extorted from consumers in the form of higher prices. If the scheme had not been stopped, the cost would have been monumental. . . . In several cases, Akiya Imura personally and repeatedly pressured retailers to comply."

Imura strongly objects to the charges. When I brought them up, he was visibly uncomfortable having to talk about them and was dismayed by the personal nature of Abrams's attack. He feels he was unjustly singled out and implied that there was a racist element to the prosecution. "The judicial system here is totally different from Japan's," he said wearily. "We have lots of facts on our side, but a judgment by jury relies on people's common sense. If we continued this fight, it could go on for years. I'm Japanese; we are a symbol. As we say in Japan, I am suppressing my tears." To get the episode over with as quickly as possible, MECA—without admitting any wrongdoing—has paid out $8.5 million in consumer refunds since January 1989.

It's the kind of notoriety Imura would never have to face in Japan, but in America it overwhelms all else. His domain includes 10 plants, scattered from the state of Washington to Tennessee, which employ 9,600 Americans and 400 Japanese. Along with two plants currently



"American workers talk about incentives and benefits, which a Japanese would never do. We would like to harmonize those two approaches to a job."

under construction and a joint venture with Kodak, MECA has in the works a high-tech HDTV lab in New Jersey and the $661 million Panasonic Corporate Campus in Texas, which will be Matsushita's largest overseas investment. Yet Imura, who was named chairman last year, is still straining to bury the company's reputation for being overly paternalistic and idiosyncratically Japanese. "For Japanese, a job is more than work, it's almost a hobby," Imura said. "Every single American worker talks about incentives and benefits, which a Japanese would never do. We would like to harmonize those two approaches to a job. We're trying to create a second Matsushita in the United States."

Toward that end, MECA has vowed to promote more Americans, to raise to 50 percent the contribution U.S. production will make to U.S. sales by 1993, and to reach 70 percent local content in U.S.-made products by 1997.

When it was suggested that the appointment in April of Richard Kraft, 61, a 15-year veteran of Matsushita, to the presidency of MECA may have been accelerated by last year's PR disaster, Imura demurred. "It's our corporate philosophy to promote nationals," he said. "Even though I've lived overseas for many years, I still have a Japanese 'shape.' Mr. Kraft gets along well with both the Americans and the Japanese, and he helps with day-to-day operations. He and I discuss almost everything, but I have the last word on business plans. In our organizational chart, sometimes Japanese report to Americans; other times it's the reverse. When Japanese come to me, I tell them to see Mr. Kraft. Otherwise it's chaos. Now I can spend more time traveling around our territory, which includes Latin America.''

All of which means Imura remains firmly in charge, and Kraft's responsibilities are limited, according to a source familiar with Matsushita's management: ''First, they'll want Kraft to straighten up their American marketing operations. If he's successful at that, he'll probably get more responsibilities, including strategic planning.''

My talk with Imura, 56, was his first interview in America. He was edgy at first, and the blond wood furniture and generic wall prints that decorated his office made it seem strangely devoid of character. But when I asked about an elaborate red-and-gold brocaded flag hanging next to the door, Imura's face cracked into a huge grin. ''Our team won the Nippon Club baseball championship last year,'' he said. Suddenly, he was telling me how much he loves gardening and history books and, finally, how he is perplexed by his youngest daughter's habit of instantly memorizing—of all things—rock and roll tunes. America can be overwhelming.

MASAAKI MORITA

Sony

A FAMILY AFFAIR

SITTING AT MASAAKI MORITA'S ENORMOUS DESK ON THE 43RD FLOOR OF A MANHATTAN SKYSCRAPER, IT WAS POSSIBLE TO FEEL LIKE THE KING OF THE WORLD. BELOW, CENTRAL PARK STRETCHED OUT LIKE A VERDANT CARPET. ON EITHER EDGE OF HIS WALL-TO-WALL WINDOW, THE HUDSON AND EAST RIVERS GLISTENED LIKE SILVER RIBBONS. IN THE DISTANCE, THE HORIZON SEEMED TO STRETCH INFINITELY. IT MUST BE NICE TO SIT THERE AND DREAM OF ALL THE THINGS SONY COULD DO OVER THAT HORIZON.

MASAAKI MORITA, 63, IS THE RELATIVELY UNKNOWN YOUNGER brother of Akio Morita, 69, the pugnacious, ever-inventive dynamo who, as chairman, embodies the Sony Corporation. Known as M.M. to his staff, the younger Morita is deputy president of the parent company and chairman and CEO of Sony Corporation of America. This year, roughly a quarter of Sony's \$18.3 billion in worldwide sales will be generated through its U.S.-based operations. Even more noteworthy, Sony expects to make some \$6 billion of those sales in the U.S. alone, overtaking its sales in Japan. For the first time, America will be its largest market, bar none. ''We are thinking of a very, very long-term strategy here,'' said Morita, sipping a cup of green tea. He was perched on the edge of a stark gray couch next to the View in his office. ''For years we have had the hardware; now, after some careful study, we have the software. Next, we have to figure out how to synergize it all. We'd like to become the world's leading audiovisual company.''

In Sony-speak, *software* means Bruce Springsteen master recordings or movies like *Ghostbusters*, copies of which the company hopes to market in conjunction with its hardware—digital audiotape players, for example, and the hot new eight-millimeter video machines. The new software is the result of a huge gamble Sony has taken over the past two years: In 1988 it purchased CBS Records for \$2 billion; in 1989 it spent \$3.4 billion for Columbia Pictures and \$200 million more for the Guber-Peters Entertainment Company, known for producing such megahits as *Batman*. Last year, it also acquired Materials Research Corp., a supplier of semiconductor materials, for \$55 million and TransCom Systems, a maker of in-flight movie equipment, for \$60 million. Add these to its six existing U.S. plants, which produce everything from television tubes to compact discs, and the two new ones under construction, and you're looking at one of the most significant Japanese investments in America to date.

The gamble is what brought Masaaki Morita to America. It was 1987, and the strong yen had begun to hurt Sony's U.S. sales. Furthermore, the company's Beta machines were losing their foothold in the VCR market to the rapidly growing VHS-format machines produced by all of its competitors. The only way to prevent the same thing from happening again, Sony executives believed, was to gain some control over the software. On the brink of its multibillion-dollar shopping spree to do just that, the board looked up and discovered that the traditional stand-in management wasn't helping matters, because it lacked the authority to make strategic decisions. M.M. volunteered to take over. As a member of the executive committee, he would be able to get things done quickly. ''I have power on both sides of the Pacific,'' he said. ''We needed *daihyotorishimariyaku*, or the ability to make decisions on the spot.''

Morita is a slight, dapper man with sharp brown eyes behind gold-rimmed glasses. He walks quickly in short, jerky steps—head down, shoulders hunched. Trained in electrochemical engineering at the Tokyo Institute of Technology, he worked his way up the corporate ladder managing various plants in Japan. "I'm a factory man," he said. "And even now I like to walk the factory floor. In a boardroom, I can't tell anything. But on the floor, I can smell if everything is good or not."

After 36 years at Sony, this was his first overseas post. Yet his style is more like that of an American high roller than any Japanese executive I met. No other had so grand an office—or schedule. Morita is a man on the move: helicoptering into Manhattan from Sony's New Jersey office, hopping a plane for the Chicago Electronics Show, then over to Brussels, and finally returning to New Jersey at 1:30 in the morning six days later with just enough time to take a quick catnap before his usual 4 a.m. fax session with headquarters.

His substance remains unmistakably Japanese, however. While Sony has long boasted that it is one of the most Americanized companies, Masaaki Morita's business card carries only his Tokyo address. He is in almost constant contact with the home office. He is there at least one week out of every month. He attends Tuesday morning meetings of the executive committee via satellite-video link. And he bristled with the appropriate indignation at the suggestion that by gobbling up such American cultural icons as Co-

"I'm a factory man. Even now I like to walk the factory floor. In a boardroom, I can't tell anything. On the floor, I can smell if everything is good or not."

lumbia Pictures and CBS Records, Sony has been insensitive. "Such complaints are overly emotional," he snapped. "There is no rule about what we should or shouldn't buy. It's just as if an American company were to buy the Kabuki theater or sumo wrestling. Certain Japanese would complain. But if the Americans run them better, then it's okay. Similarly, if we can make better movies, then it's okay if we buy Columbia Pictures."

The suggestion that Sony will make better movies than Americans is a striking, some might say presumptuous, assumption. It is mitigated, for the moment at least, by the fact that headquarters has entrusted its new software to veteran American executives: Michael Schulhof (president of Sony USA, Inc., and one of the two Westerners on the Sony board of directors), Neil Vander Dussen (president and COO of Sony Corp. of America), Walter Yetnikoff (CEO of CBS Records), and the Guber-Peters duo (who now run Columbia Pictures).

The company claims to be trying to create a hybrid Japanese-American management structure based largely on personal rapport. Each American executive operates independently and reports directly to Sony President Norio Ohga. M.M., meanwhile, acts as his brother's eyes and ears in America and constantly updates headquarters with reports. This system allows Ohga and Akio Morita to maintain control from afar while living up to their pledge not to interfere with the management of their new properties. "Masaaki is playing a very traditional younger brother's role," says a Japanese friend. "He is like Akio's viceroy. And he's very good at it."

YUKIYASU TOGO

Toyota

STUNT MAN

THE DARK OAK PANELING AND DEEP, LUXURIANT CARPETING IN HIS HUSHED LOS ANGELES OFFICE PROMISED LITTLE MORE THAN ANOTHER BUTTONED-DOWN CORPORATE BIG SHOT. BUT AS SOON AS I GOT THROUGH THE DOOR, YUKIYASU TOGO SPRANG OUT OF HIS CHAIR, SLAPPED ME ON THE BACK, PRESSED TWO DIFFERENT BUSINESS CARDS INTO MY PALM—ONE WITH HIS PORTRAIT ON IT—AND SAID, "YOU CAN CALL ME YUKI."

TOGO, WHO SEEMED TO BE POWERED BY A SMALL NUCLEAR REACTOR, IS THE PRESIDENT AND CEO OF TOYOTA MOTOR SALES, USA, INC. (TMS), which is selling more cars in America than any other Japanese manufacturer and is poised to overtake Chrysler as America's third-largest automaker. (Chrysler is being crunched on two sides: Toyota in sales, Honda in production.) He was wearing sporty aviator-frame glasses and a sleek, gray double-breasted suit with a stylish red and green tie. He looked more like a movie mogul than a corporate executive. "My slogan is 'Sell like hell,' " he said in flawless Hollywoodese. And he has since 1961 been selling Toyotas like hell wherever Toyota wanted them sold. "When they have a problem," says a Japanese acquaintance, "they send in Togo."

The litany of his stunts is legendary. Bangkok, Thailand, 1971: Anti-Japanese sentiment was rampant, Japanese offices were being vandalized, unions were on strike, Togo spoke little Thai. His solution? He shaved his head, entered a Buddhist monastery, and spent two weeks begging barefoot in the streets. "It was an incredible and humbling experience," he said. "But business improved."

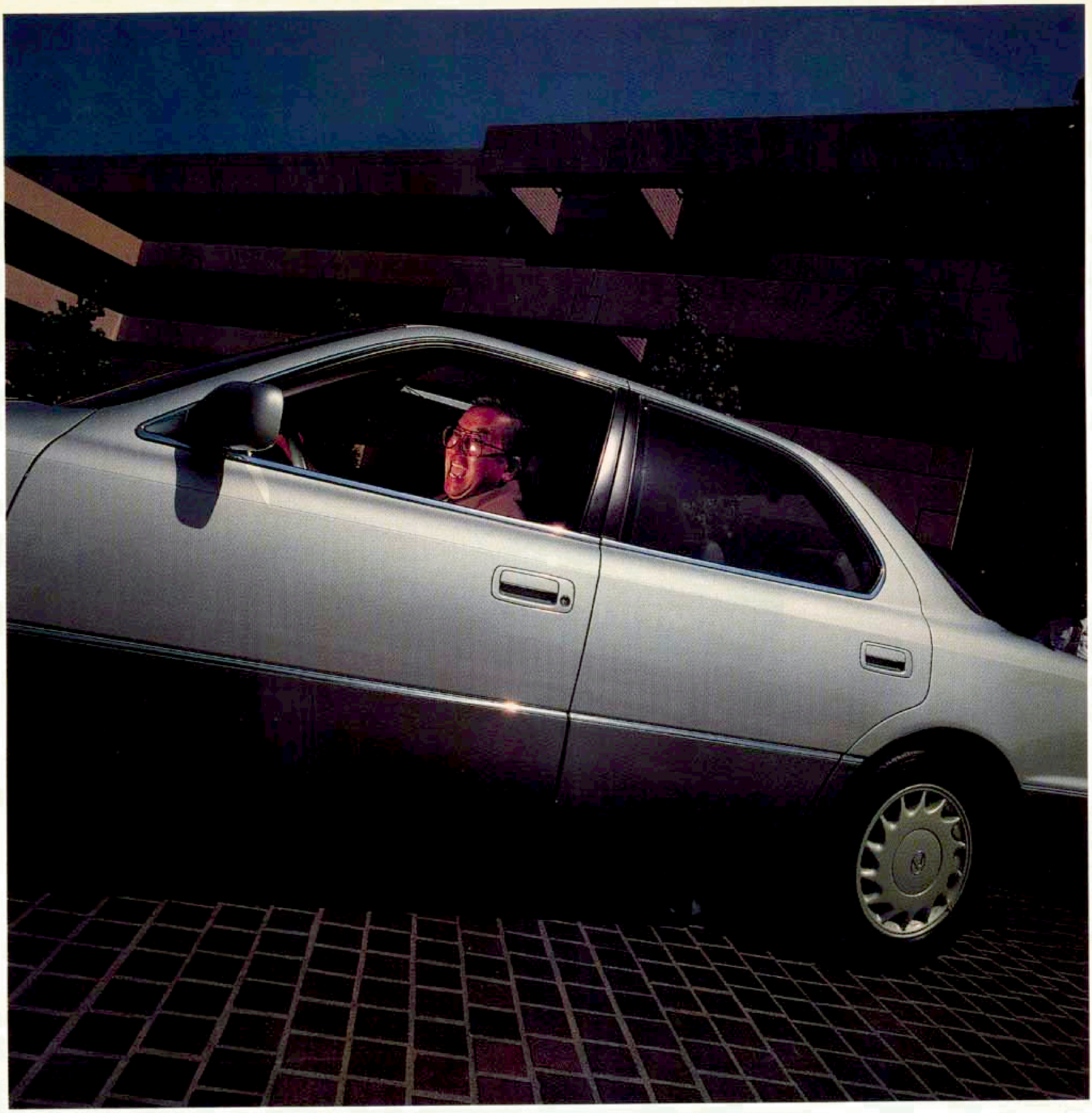
Ottawa, Canada, 1976: Togo was president of Toyota Canada. Sales were lousy, his English was mangled. Solution: He went house-to-house selling cars, a common practice in Japan. Result: After knocking on 100 doors, some of which were slammed so hard that snow fell on his head, he sold seven cars. "Maybe I was crazy," he said, "but I got to know the Canadians. Our business improved."

America, 1983 to present: Togo barnstormed around the country "feeling the vibrations," began starring in a monthly video letter to his salesmen, and targeted blacks and Hispanics for special philanthropic—and sales—attention. Business has definitely improved. While overall sales of domestically produced cars have slumped about 2 percent, Toyota's are up 45 percent over last year (partly due to the new Kentucky plant—its first in the U.S.—which opened in 1988).

"There's no magic formula for our success," Togo said. "The difference between America's Big Three and Toyota is that their top executives never visit the front line. My office is where my shoes are. Communication is so important." Togo noted, for instance, that he has never seen the GM managers who work with Toyota at their joint-venture NUMMI plant in California update their production line with sales information. "We do," he said, "because we feel everyone likes feedback."

Nevertheless, as the last of the big Japanese automakers to start producing cars in America, Toyota has been chastised for being a tradition-bound mammoth that makes decisions at sluglike speed. "Getting things done here can be like pushing a boulder uphill," says an American executive.

"The Toyota way is always very cautious at the beginning," Togo admitted. "With a company this big, it takes time to build a consensus. This process can be frustrating to some of our American staff, I know. But once a decision is made, we move very quickly." Togo



"The difference between America's Big Three and Toyota is that their top executives never visit the front line. My office is where my shoes are."

also admitted that he has locked horns with headquarters over the pace of change. "It brings out my fighting spirit," he said with a grin. "I'm always telling my bosses they should replace me with an American. But they're typical Japanese and haven't said yes or no yet. As the younger staff with more international experience moves up at headquarters, globalization will become easier."

Since 1973 TMS has operated with two distinct hierarchies under its corporate umbrella. In one pyramid, Americans report only to Americans and deal with day-to-day operations. In the other, Japanese advance along a separate track, as if they were in Japan, and act as an "interface" with headquarters and their Japanese colleagues at other plants. "The Americans are like a pitcher and catcher, the Japanese are like the second and third basemen," said Togo, "and I am the coach. There is constant communication among all the players, and the system works very well." (So well, in fact, Nissan is now emulating it.)

But one must wonder whether or not the Americans on "Team Toyota" are playing in the same league as their Japanese counterparts. For the Americans, TMS is the whole ball game; for most Japanese, it's only one stop on an international road trip that will eventually take them back to Japan and into senior positions in the corporate hierarchy.

Partly to deflect criticism about the U.S. trade deficit, Toyota is increasing production at the Kentucky factory, is expanding the NUMMI operation in California, and is talking about building another plant in the Midwest. Additionally, Toyota is building a $41 million R&D facility in California to develop "the ideal vehicle for the American market" and plans to construct the world's largest automotive proving ground in the desert near Phoenix. "In Kentucky, we have the newest Toyota plant in the world," Togo said. "American workers are superb if properly guided, and the cars we produce are as good—or better—than those in Japan."

Togo's flamboyance is not something he picked up in America; he brought it with him. He and his wife, Misako, raced Toyotas on the international rally circuit until 1955. He also loves to fly. Early this year, he took the company's newest airplane on a round-the-world test drive in just six days. "A lot of Japanese call me an American," he beamed. "I'm delighted. I prefer being called American to Japanese. I've been abroad for 20 years, and I like going native. In fact, my wife and I might retire here."

KIYOHIDE SHIRAI

Kyocera

CULT OF PERSONALITY

IT WAS EXACTLY 7 O'CLOCK ON A FOGGY MORNING IN SAN DIEGO. IN THE PARKING LOT JUST A FEW FEET AWAY FROM KIYOHIDE SHIRAI'S VERY AMERICAN OLDSMOBILE-98, 700 EMPLOYEES OF KYOCERA AMERICA INC. (KAI) WERE PARTICIPATING IN A VERY JAPANESE RITUAL. LINED UP ON WHITE DOTS AND DRESSED IN IDENTICAL BABY BLUE JACKETS, THEY POLITELY APPLAUDED A SERIES OF MOTIVATIONAL SPEECHES MADE BY THEIR COLLEAGUES. THEN THEY STARTED GYRATING AND JUMPING UP AND DOWN IN UNISON, EXERCISING AS IF THEY WERE A SINGLE ORGANISM. MOST OF THE EMPLOYEES WERE AMERICANS. "THIS," said Shirai, KAI's president, "is the Kyocera way."

The "Kyocera way" may have seemed odd to the American employees, but it has proved very good for business. With $2.7 billion in sales worldwide last year, the 31-year-old Kyoto-based company (the name combines *Kyoto* and *ceramics*) is the most successful producer of industrial ceramics in the world. No mere pottery kiln, Kyocera makes everything from satellite parts to false teeth out of complex synthetic materials with tonsil-twisting names. The company also owns the Yashica camera company and makes laser printers for Unisys and laptops for Tandy. It has recently purchased two American companies—Elco Corp., which makes electrical connectors, and AVX Corp., the largest U.S. producer of multilayer ceramic capacitors—that give it additional products and plants in Western Europe and Southeast Asia. Its future plans include the application of ceramic technologies to semiconductivity, automobile engines, even paper products.

At Kyocera there is a virtual personality cult surrounding its maverick founder and chairman, Dr. Kazuo Inamori. As Sony is made in the image of Akio Morita, so is Kyocera the expression of Inamori's passion and ambition. To motivate his minions, he produces a stream of philosophical tracts, known as Inamori-isms. He once compared the broadcast-

ing of his wisdoms throughout the company's plants around the world to "the way Christ's disciples spread his teachings to the lands he couldn't visit." Beneath this New Age-ish veneer, however, is a company built on traditional values. "Work is life," Inamori likes to say.

"Some Americans claim the Japanese stole their technology. In my opinion, Japanese are more humble. They are willing to learn from the Americans."

Shirai, 49, is a ceramics engineer trained in Nagoya, Japan. He joined Kyocera in 1964 and was named president of KAI in April 1988. He is an affable character given to long technical descriptions of the company's products. His U.S. operation—which he insisted is largely autonomous from Kyoto—has a lock on 67 percent of the U.S. market for ceramic semiconductor-chip packages and is renowned for its quality and service. "Inamori-*san* set my destiny after college," Shirai said, nodding deferentially to a photograph of his mentor on the wall of what serves as Inamori's office when he's in town and the conference room when he isn't. "I am like his apprentice. This is my first job and my final job." But, he continued, "I wear two caps. I have the responsibility for selling products made in Kyoto at the same time that I am selling [some of the same] products made here. Although there is a strong bond at the bottom of our hearts, we are in competition with headquarters. Dr. Inamori likes to keep the entrepreneurial spirit alive. It's a dilemma."

Shirai learned of Inamori's faith in the entrepreneurial spirit firsthand when the revered founder decided to expand to the U.S. in 1971. Kyocera bought the struggling Fairchild Semiconductor plant in San Diego (which had been one of its best customers) so the factory would be near the nascent computer industry. Inamori then gave Shirai and four other Japanese engineers one-way tickets to California and said, "Unless you create a successful company, I never want to see you again. To reach our goal of being number one, you have to work harder than anyone else." Unfortunately, the five disciples arrived along with the recession of the early 1970s. "Frankly, we really struggled to survive," said Shirai, who regularly worked 15-hour days, seven days a week. "Inamori-*san* insisted we sacrifice our life to lead."

These days, KAI has no major American competitors, which is ironic, since most of the technology it uses was pioneered by the American Lava Company in the 1950s. KAI improved on the technology in the 1970s, when it began producing custom-designed ceramic housings for semiconductor chips at a lower price than the standard-sized products offered by 3M, Coors Porcelain, and Owens-Illinois. "Some Americans claim that the Japanese stole their technology," said Shirai. "In my opinion, the Japanese are more humble. They are willing to learn from the Americans."

Shirai is unimpressed by the quality of American-made goods. "It's a common problem of the manufacturing industries in the U.S.," he said. "I don't like to admit it, but the yield at this plant is not as good as it should be. If you compare an American operator with a Japanese operator, there is no difference. But when we work as a team, I see a difference. It takes 70 or 80 steps to make each part. If just one person is sloppy, we lose out. The key is the mind of the people. When mistakes are made, I feel like we haven't convinced the workers of our way.''

There is a note of arrogance in the company's boasting of the Kyocera way, as if it were infallible. That inflexibility may explain why KAI has had a dismal track record in keeping qualified Americans on staff. Not that management hasn't tried. There have been three American plant managers: Two quit, and one was fired. ''Unfortunately,'' said Shirai, ''many capable people have left. In most cases, they were frustrated. They felt they were not utilized 100 percent, or they did not agree with our way of thinking. Being number one means being able to work with us. My impression is that the most capable Americans still don't want to join a Japanese company.''

An engineer who recently left KAI concurs. ''It was a difficult, high-pressure place to work,'' he says. ''Their attitude is that they have a good system and it's not going to change. If you can work in it, fine; if not, too bad. It was discouraging. Of the 12 Americans who came in with me, only two are left.''

Shirai seemed genuinely troubled by this. ''I do not have an answer,'' he said. ''I'm still reaching.''

SADAHEI KUSUMOTO

Minolta

NEW BELIEVER

SADAHEI ''SAM'' KUSUMOTO UNDERSTANDS AMERICA ALMOST AS WELL AS HE DOES JAPAN. HE ARRIVED IN NEW YORK CITY 36 YEARS AGO AS MINOLTA'S FIRST U.S. SALES REPRESENTATIVE. HE WAS 26 YEARS OLD, AND HE HAD TWO SUITCASES FULL OF CAMERAS TO SELL. THOUGH IT WOULD TAKE HIM TWO YEARS TO FIND CUSTOMERS FOR HIS CAMERAS, HE WASTED LITTLE TIME BEGINNING WHAT WOULD BE A LIFELONG LOVE AFFAIR WITH AMERICAN CARS. HIS FIRST WAS A BRAND-NEW PONTIAC STAR CHIEF, WHICH MADE HIM A CELEBRITY IN THE SMALL JAPANESE COMMUNITY WHERE HE LIVED.

Later, he owned a swept-wing Desoto and then a Chrysler.

Today, as president and CEO of the $800 million Minolta Corporation and one of the most experienced Japanese managers in America, Kusumoto has little trouble selling cameras. With 38 percent of the American market and 25 percent of the global market, Minolta is the world's largest camera company.

And Kusumoto has moved up to a blue Cadillac Seville. ''I buy American cars because I like their engineering and design,'' he told me in his Ramsey, New Jersey, office. ''But they all have small, silly problems that come from the assembly line. As a result, I always thought the American labor force was not so keen on quality. However, my recent experience with our Goshen, New York, factory completely changed that perception.''

The new, $25 million plant, which produces the black toner used in copiers and laser printers, is Minolta's first foray into full production in the U.S. (its cameras are produced in Japan and Malaysia). ''Many people told me not to expect any sellable product in the first six months of production,'' Kusumoto said. ''Fortunately, our American staff was well trained in Japan, and from the first month on, we've had quality here that is almost equivalent to what we get in Japan. Frankly, that came as a surprise.''

The Goshen experiment has proved such a success, in fact, that Minolta plans to duplicate the plant in France and has been encouraged to consider manufacturing its business machines here too. ''The camera market is mature,'' Kusumoto said. ''But we have a lot of room to increase on our 6.5 percent share of the U.S. business-machine market. We've mastered Japanese management here, and now it's time to incorporate American ideas to improve production.''

Operating a new plant would require a seismic shift in Kusumoto's modus operandi. At the moment, he runs an unusually autonomous, sales-driven subsidiary, which has only 60 Japanese out of 2,500 employees. He spends much of his time on the road, attending sales meetings and conventions and visiting his (all-American) sales force. But if Minolta were to build a business-machine plant and leave Kusumoto, 62, in charge, he might have to spend more time at his desk. ''Fax machines and copiers,'' he noted, ''take much more work and communication with headquarters than cameras do, because the market changes every year.'' Not surprisingly, he was reluctant to talk about the future. ''I don't know what will happen,'' he said. ''They'll keep me here as long as I do a good job, but I know that someday I'll have to go back to Japan.''

Kusumoto was full of strange contrasts. One minute he was declaring that America is ''unquestionably the best place in the world to live.'' (He even dedicated his autobiography, *My Bridge to America*, to its ''generous, big-hearted, open-minded people.'') Then in the very next breath, he ticked off a long list of deficiencies characteristic of American management.

One: In America there is no real communication between workers and management. ''In Japan, the workers know how sales are going and what the targets are,'' he said. ''They care about quality because they feel they are part of the business. Most Japanese managers come from the work force and will always consider themselves part of it. American workers just do their jobs and don't care about the business; managers don't communicate with them. Using the same American work force and factories, Japanese companies have been able to increase productivity very quickly.''

Two: The pay scale is out of whack. ''The Japanese executives at Minolta get slight raises every year, but salaries never jump up. They think of their jobs in the long term. We'd like to use that system with Americans, too, but in order to keep those who are doing an outstanding job, we have to compensate them. One American vice president is making more money than me, the president.''

Three: American companies are inflexible. ''When Americans export to Japan, they just send an existing product over and say, 'Here it is. Sell it.' That's not the way to do it. When a Japanese product is introduced into this country, there has already been a lot of work put into making it right for the American market.''

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And, of course, there's the language problem. Kusumoto—who has named Americans to four out of nine vice president slots—was the only Japanese manager I spoke with who said he didn't think his unit should be headed by an American. Perhaps he was simply the most honest. ''I've been criticized many times for this,'' he said. ''My answer is simple: language. Our official corporate lan-

guage is English, and most of our Japanese managers speak it fairly well. But our competitors, like Canon and Nikon, are Japanese. Most Americans don't speak Japanese because they don't have to. In order to plan our strategy, I have to know what is happening both here and in Japan, where most new products are tested. I communicate with headquarters almost daily and read the Japanese magazines and newspapers very closely. I wonder, if an American took my job, whether he would do that. As long as our main competitors are Japanese, our top people should be Japanese.''

Kusumoto can be just as tough on his compatriots, and one of his current gripes is with parent companies who refuse to give their progeny the freedom to grow. ''In my experience, headquarters that stick their noses into their American offices don't do as well,'' he said. ''The more freedom a subsidiary has, the more successful it will be.'' ■

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