

**The Second
APEC "One Village One Product" Seminar**

*Town Development by Industry-
Academia Collaboration*

October 24, 2007
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Waseda University, Japan

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Prof. Takeru Ohe, Ph.D.

Waseda Business School
tohe@waseda.jp

- **Focus**
 - Experimental Management
 - Corporate Venture, Entrepreneurship
- **Academics**
 - Ph.D. in Experimental Plasma Physics
 - MBA, Columbia Business School
- **Credentials**
 - Board Member -- Cognex K.K. , Syswave K.K.
 - Author -- Books/Articles in Corporate Venturing/ Entrepreneurship/Entrepreneur Education
- **Projects**
 - Entrepreneur Education for Regional Development
 - Director of Waseda Incubation Center

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Waseda University

- Established in 1882
- Third largest university in Japan
- Motto: Independence of learning
- Waseda University Business School from 1998
- MBA and MOT
- NTU-Waseda Double MBA

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Waseda MBA/MOT Students

- Average age is around 30 years old with several years working experience in technology companies
- Courses are offered every week nights, Friday, and Saturday for MOT students
- 50 credits required with master thesis for two years

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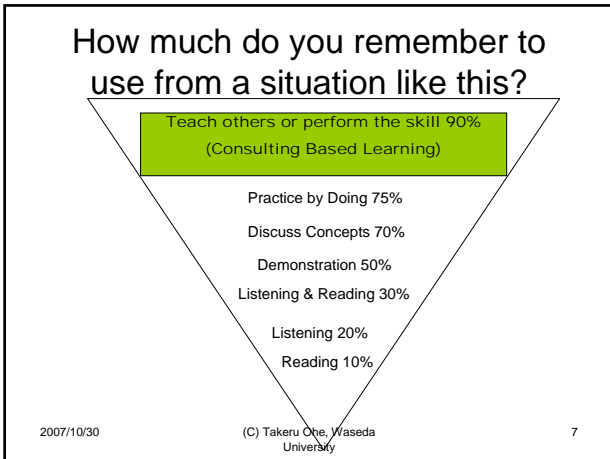
Entrepreneurship Course at Waseda Business School

- Entrepreneurship is the semi-required course
- No test, but term projects:
 - Business plan for technology seeds
 - Consulting for SME
- Consulting Based Learning
 - Make companies profitable
- Teach five growth strategies

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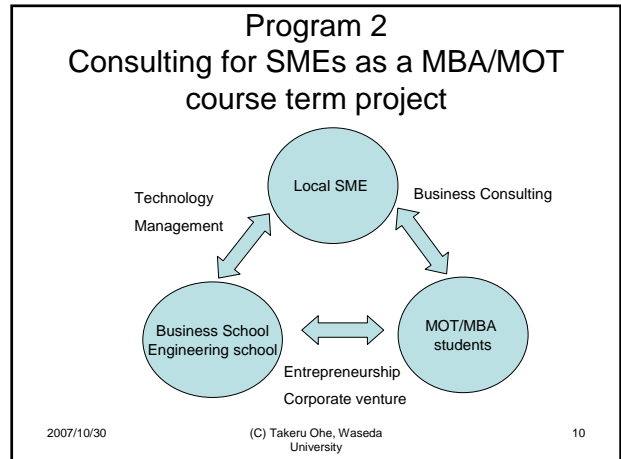
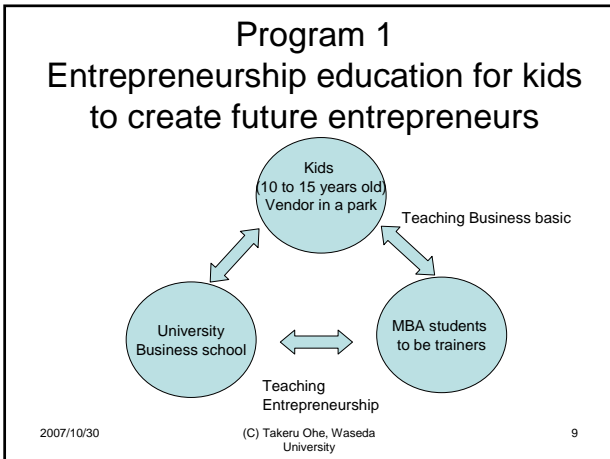


Comprehensive Agreement between Waseda University and Sumida Ward, Tokyo

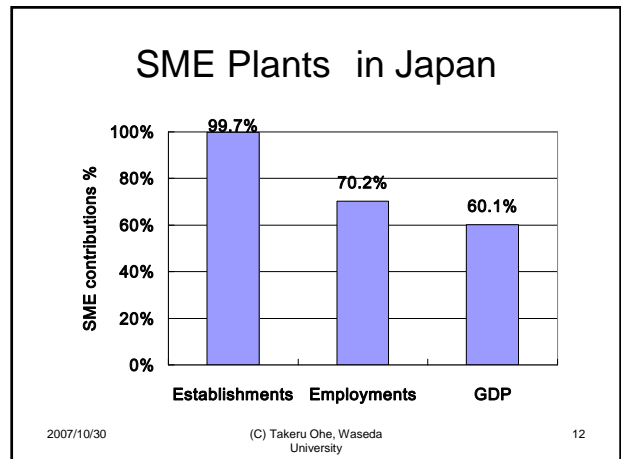
On Dec. 25, 2002

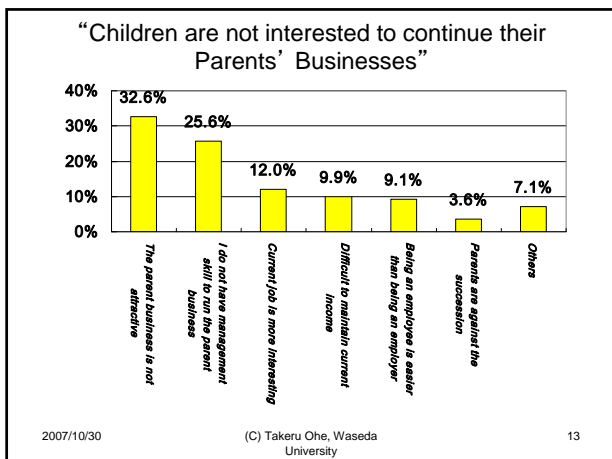
- Sumida ward was the only ward in Tokyo without any university campuses. Sumida ward wished to work with young people like university students to vitalize the town.
- Sumida ward built their own incubation center to promote collaboration with universities.

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- ### Definition of SME in Japan
- SME
 - Manufacturing company: less than 300 employees, or less than capital 300 Million yen
 - (Retailing company: less than 50 employees, capital 50 million yen)
 - Micro Business (unofficial)
 - less than 20 employees
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Problems of Metal Processing Industry in Japan

- The industry consists of mainly SME companies
- Experienced decline in both numbers and sales during the last ten years
 - Customers shift to overseas operation
 - Competitions with low-price overseas companies

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Objectives of the Term Project

- To make a breakeven company to a profitable company within a short time
- To develop a vision and a growth scenario for micro-company to IPO

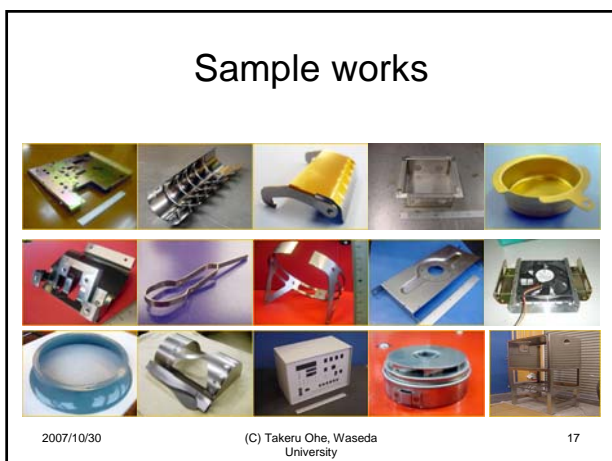
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Hamano Products, K.K.

- 20 employees company
- 250 million yen with breakeven operation prior to consulting
- Metal sheet works as a subcontractor

The second-generation owner had a desire to introduce new management approach

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Why did they seek University collaboration?

- They could not afford a professional consulting firm
- There are not many consulting firms that cater to SMEs. They mostly go for the large companies that are more profitable
- They were doing okay, but they worried about 10 years from now, and wished to have fresh ideas from a fresh set of eyes to change their inbred traditional perspective
- Involvement of young people would energize the company

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Observation at Hamano Products K.K by MBA/MOT Consulting Team

- Orders received by fax, mail, direct
- Small repeat order
- Limited employees can input data
- Make-to-stock production
- Short notice order
- High turnover of employees: no technology accumulation
- High defective fraction: 2% to 10%
- Limited employees can do quotation
- Slow quotation
- No standard delivery method
- No cause analysis of failure to receive an order
- No standard Job Work Instructions
- No profit management
- A six-day work week
- Overwork time payment is almost equal to monthly salary
- Very unorganized workplace

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Five Growth Strategies

	Lens	Strategy	Strategic Tool
1	Customers	Transform the customer's experience	Consumption chain analysis
2	Products and offerings	Transform the offerings	Attribute mapping
3	Key metrics	Redefine profit drivers	Unit of business analysis
4	Industry shifts	Exploit industry shifts	Industry shift framework
5	Emerging opportunities	Enter new markets	Tectonic triggers framework

MarketBusters HBSP 2005 Rita McGrath and Ian MacMillan
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Strategy 1 Improving the customer experience with the offerings

- The home page was designed to help large company engineers complete the order purchase transaction-including researching, price negotiation, and delivery – online.

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Strategy 2 Improving Product Offering

Main customers: Large manufacturers directly		
Nonnegotiable	Differentiator	Exciter
Fast and accurate delivery. Accurate delivery and high quality . Obtain ISO14000	Introducing the solutions for the difficult questions	Fast and standardized estimation.
Tolerable	Dissatisfier	Enrager
high price	Limited technology base	
So What	Parallel	
Pictures and hobbies of employees.	ISO 9000	

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Strategy 3 Modifying the Business Unit

- From the sales of metal processing work to the sales of assembly finished products and consulting fee from consulting work.
- Change of a very low profit rate of metal processing work to higher profit rate of consulting and assembly work.

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Strategy 4 Taking advantage of Industry shifts

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    graph TD
      A[Customers are moving out of Japan] --> B[Networking SME to cover various technology and work sharing]
      C[Severe competition in Japan Unstable orders in Japan] --> B
      D[SME and Micro-companies are closing the businesses] --> E[Possibility acquire equipment, customers, and experienced workers]
      B --> F[Reliable partner for outsourcing]
      E --> F
    
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Strategy 5 New Business Opportunity

- New materials such as titan, magnesium, and ceramic through academic-industrial alliance
- New mold technology through academic-industrial alliance

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2005 Fall Hamano Products K.K.

- Implemented strategy 1 and strategy 2 for the last two years
- 4.0 M\$ with 15% ROS
- Cut overwork substantially
 - Cut damaged works
 - Start monthly closing
 - Start small group meeting
 - Establish job estimate standard
 - New customers which are large companies
- Preparing strategy 3 and strategy 4

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2007 Fall Hamano Products K.K.

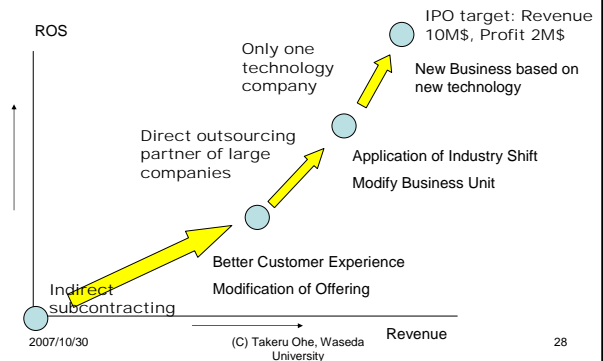
- Seven Interns from Waseda University, Hitotsubashi University, and etc
- 33 employees
- Corporate Development and Planning division
- High technical skill in laser processing
 - CAD/CAM system for direct input from DXF and 3D
 - Newest laser processing equipments
 - Press techniques to adapt large quantity order and small order
 - Fast delivery and inspection system
- ISO14001 obtained in 2006 October
- ISO9001 under application

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From Micro Company to Growth Oriented Company



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MOT/MBA Students upon Graduation

- MOT/MBA graduates started two consulting firms to support SME and Micro companies
 - Waseda Business Partners, K.K.
 - Waseda Revival Partners, K.K.
- Their business models are to get consulting fee as well as success fee.

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A win-win-win-win situation (1) SMEs

- Free but expert consultancy service
- Professional advice on technology through the engineering faculty
- Future collaboration possibilities with the engineering faculty
- Use of university network
- Free advertisement to MOT/MBA students, who are potential customers in the future

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A win-win-win-win situation (2) Student

- First hand experience in applying their newly acquired management methods and knowledge to the real cases
- First hand learning on SMEs
- Expand their network
- Participation in social contribution

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A win-win-win-win situation (3) University

- Social contribution to the local development
- Advancement of the research on SMEs
 - Solving problems though collaborate with SMEs

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A win-win-win-win situation (4) Municipality

- Improvement of industry, revitalize area and more tax revenue
- New technological advances through collaboration using their incubation center
- Attract younger generation to the region, revitalizing the area
- Stronger bonding between generations, making a more stable society

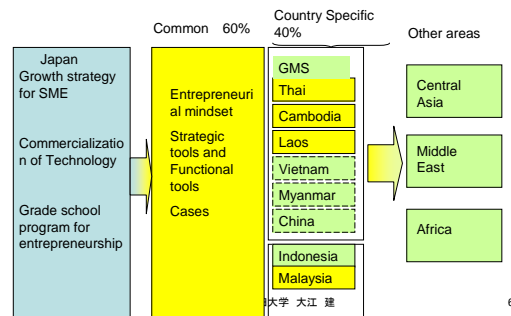
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COBLAS (Consulting Based Learning for ASEAN SMEs)

~Entrepreneurship Education for the Regional Development~

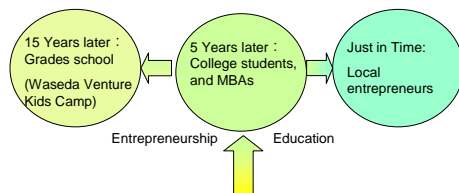


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Tricycle Model to Create Entrepreneurial Society

Entrepreneurship is the engine for the Regional Development



University commitment to the development of local community:
 Management and Engineering Know-how

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