

Sustainable Management Practices of Japanese Companies in Pre-War Period from the Perspective of SDGs and ESG 9 : Michio Suzuki : Customer-oriented Business Strategy Utilizing Knowledge

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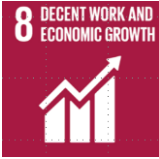





Sustainable Management Practices of Japanese Companies in pre-war period from the perspective of SDGs and ESG (9)
 Michio Suzuki: Customer-oriented Business Strategy utilizing Knowledge



Michio Suzuki (1887-1982)

Masaatsu Takehara, Naoya Hasegawa

Achievement of Michio Suzuki and related SDGs

Economy	 	<ul style="list-style-type: none"> *Automatic loom business *Motorcycle/Light vehicle development
Society	 	<ul style="list-style-type: none"> *Improve productivity through power loom development *Local industry support *Drive R & D *Strict quality control
Governance	 	<ul style="list-style-type: none"> *Utilization of patent system *Creation of intellectual property business *Differentiation strategy

1. Early days

The Enshu region, centered in Hamamatsu City, Shizuoka Prefecture, is a multi-industry city with three pillars of textiles, musical instruments, motorcycles and automobiles. From the Meiji era to the early Showa era, textiles was the main industry and so was the transport equipment, mainly motorcycles after the war. Also, the region is known around the world for producing many entrepreneurs.

The Enshu region is the birthplace of Honda, Suzuki, and Yamaha Motor, the three major motorcycle manufacturers in Japan. The motorcycle industry in the Enshu region began in 1946 when Soichiro Honda started to sell an engine-equipped bicycle. The engine-equipped bicycle was equipped with an engine for a former army wireless generator. Meanwhile, an automatic loom maker, Suzuki Looms (now Suzuki Motor Corporation), manufactured motorcycle motors in 1952, and started producing finished motorcycles the following year. Nippon Gakki Co., Ltd. (currently Yamaha Corporation) started to develop motorcycles in 1953 as the last entrant.

Suzuki promptly withdrew from the loom manufacturing business, which it had been leading the industry, and completely changed its business domain to a motorcycle and light car manufacturer. It was Suzuki's founder, Michio Suzuki, who led this seemingly reckless new business.

The outstanding feature of Suzuki as an entrepreneur is that he maximized the dynamic synergy of his business activities by making use of the knowledge generated from the current core business for future new businesses. This chapter looks back and tracks some of Suzuki's entrepreneurial activities, especially how he used the dynamic synergy to launch a new business.

Michio Suzuki was born in Hamamatsu, Shizuoka Prefecture in 1887. Suzuki wanted to become a carpenter when he graduated from Hokawa Village Jinjo Elementary School in 1898. In 1901, he signed a seven-year apprenticeship contract with Kotaro Imamura, a carpenter's master, and began his training as a carpenter.

However, carpentry fell sharply in the aftermath of the Russo-Japanese War in 1904. Suzuki's master, Imamura, had no choice but to make foot-operated wooden looms. Thus, Suzuki unintentionally had the opportunity to acquire basic knowledge of weaving. This coincidence that Suzuki entered into the apprenticeship of Imamura was a major trigger for him to develop automatic looms.

Sakichi Toyoda (the founder of Toyota Motor Corporation), a leading manufacturer of automatic looms in Japan, was also from the Enshu region (currently Kosai City, Shizuoka Prefecture). Toyoda utilized his skill and experience as a carpenter to manufacture wooden looms and laid the foundation for the automobile manufacturing business through the success of automatic looms he developed with unique technology. There are many common points in the traces of entrepreneur activities between Toyoda and Suzuki.

Due to the influence of Sakichi Toyoda, automatic looms emerged in the Enshu region relatively

earlier than other regions. The introduction of automatic looms, which began around 1900, became decisive due to the economic boom from the Russo-Japanese War, and many loom makers, including Sakichi Toyoda and Michio Suzuki, expanded their businesses. The number of automatic looms increased from 991 in 1907 to 8,119 in 1914. With the increase in automatic looms, textile output increased 2.63 times in seven years from 1907 to 1914.

2. Success as an automatic loom manufacturer

2.1 Establishment of Suzuki Looms

In 1909, Suzuki became independent and established a privately run Suzuki Looms factory and produced a wood-iron-mixed foot-operated loom every three to four days. Suzuki's loom was more productive than conventional loom, so it gained a good reputation and eventually many orders. It is needless to say that product development capabilities have a significant effect on competition between companies. The only way for a late comer, such as Suzuki Looms, to survive was to create innovative products. The 1 shuttle foot loom, which was mainstream loom at the time, was suitable for weaving white fabric cotton, but it was unable to weave striped patterns. Through diligent dialogues with weavers, Suzuki realized there was a strong need for a loom that could perform striped weaving

Just one month after he started to work on the development, he was able to complete a two-shuttle foot-operated loom that could weave horizontal stripes using dyed yarn. The emergence of this innovative weaving loom had a major impact on loom manufacturers. For the first time, Suzuki obtained a utility model for the technology incorporated in this loom product¹. This technology became the core technology for the production of multiple shuttle looms, and was subsequently used in various ways. The market for the two-shuttle foot-operated loom expanded not only to the Enshu region but also to textile production areas such as Owari, Ashikaga, Ome, Harima (Hyogo), Toyama, and Niigata.

2.2 Establishment of the Suzuki brand

In 1920, Suzuki Looms Works was reorganized into Suzuki Looms Corporation. Excluding Toyoda Loom, which moved to Aichi Prefecture, there were only two companies in the Enshu region, namely Enshu Loom (now Enshu Co., Ltd.) and Suzuki Looms.

It was the innovative automatic loom created by Michio Suzuki that supported the rapid growth of Suzuki Looms. Many loom manufacturers, such as Toyoda Automatic Loom and Enshu Loom, produced loom for white fabrics. To differentiate from them, Suzuki began to specialize in producing striped looms using dyed-yarn. Until Suzuki Looms developed a 4-shuttle automatic loom, there were no looms capable of weaving a vertical and horizontal stripe pattern. Suzuki's differentiation strategy of focusing on a striped loom with few competitors was successful, and the Suzuki Looms was able to maintain a stable growth.

The stock market crash of October 1929 in New York triggered the Great Depression. As the

economic environment worsened, Michio Suzuki succeeded in developing an innovative product called Sarong Loom². Sarong was a waistband-style garment favored by Muslims in Southeast Asia. The United Kingdom, the Netherlands and India were the main producers.

An attractive point of Sarong looms is that they significantly reduce manufacturing costs.

Taking men's handkerchiefs as an example, Sarong Loom succeeded in reducing the cost of replacing card equipment by about 90% compared to conventional loom. Sarong exports greatly benefited the cotton fabric industry in the Enshu region, and Michio Suzuki was steadily building a brand as a top manufacturer of striped looms.

It was small and medium-sized weavers with less than 20 looms that supported Sarong weaving in the Enshu region. Though they did not have enough financial resources, they were the first to purchase Sarong looms. They could purchase Sarong looms by using monthly installment (loan) sales.

Although the installment payment system was unusual at that time, Suzuki introduced it due to his strong desire to repay small and medium sized industrialists who supported his company.

Michio Suzuki always focused on customer-centric product development. He strongly believed the following idea: “Business is not just about making good products, it doesn't work if they don't sell well.”³ Therefore, it was natural for him to seriously listen to any requests from loom users and repair a broken loom by staying up all night. When Suzuki repaired a loom, he often redesigned the loom. In this way, Suzuki gained trust from small and medium sized local looms users as a reliable person. The Suzuki brand was built through grass-roots exchanges with customers.

Figure 1



Sarong loom(1929)

Source: Author took this photo in 2004

3. Entering the motorcycle business

Suzuki Looms entered the motorcycle business. The motorcycle business had two major significances for Suzuki Looms. Firstly, Suzuki entered the motorcycle business last, but eventually secured a market position as one of the three major manufacturers together with Honda Motor and Yamaha Motor. When Suzuki entered the motorcycle business, the Honda Motor Co. already had a decisive competitive advantage in the market. Secondly, the entry into the motorcycle business paved the way for automobile development.

3.1 Hardship from the management crisis

When Honda Motor Co., Ltd. started full-scale motorcycle production in the 1950s, Suzuki Looms suffered a severe business slump due to the impact of labor disputes. Although this difficult situation

was barely overcome by the financial support of Toyoda Automatic Loom and a special procurement boom created by the Korean War, the future of the automatic loom was gloomy.

In 1951, based on the idea of Managing Director Shunzo Suzuki, Michio Suzuki's son-in-law, Suzuki Looms' development department started to make a motorcycle motor prototype. This led Suzuki to enter into the motorcycle business. Many of the members of the development team were involved in test-making an automobile prototype which was interrupted by the war, and they had experience in prototyping motorcycle engines.

The development team received an order to commercialize the product within six months. They developed a 2-cycle, 36cc, 0.7 horsepower "Power Free" in April 1952. Shunzo Suzuki felt that in order for a follower company like Suzuki to survive, it was necessary to incorporate original functionalities in the products that were not found in the preceding companies' products.

He gave the following homework to the development team of "Power Free":

- (1) Install the motor at the center of the vehicle to enhance stability.
- (2) Drive using the bicycle chain as it is.
- (3) Make the pedals easy to use.
- (4) Attach a free device to the pedal.

In response to these demands, the development team adopted a chain drive system, enabling free switching from stepping to engine and from engine to stepping. In addition, they succeeded in incorporating added value through unique features such as easy starting, easy operation, and high durability.

In July 1952, the Road Traffic Law was amended to require no test permission for motorized bicycles (up to 60cc for 2 cycles and 90cc for 4 cycles). Following this amendment of the law, a new "60cc Diamond Free" was developed. The 60cc Diamond Free became a successful product with monthly sales of more than 6,000 units despite its high price of 38,000 yen per unit. Its high-power (2 horsepower) and two-speed shifting functionality were highly evaluated.

3.2 Development of the completed motorcycle

When Suzuki Looms began mass production of the Diamond Free, Honda Motor Co., Ltd. had steadily solidified its foundation as a leading finished motorcycle manufacturer. Being confident in the success of the Diamond Free, Shunzo Suzuki ordered the development of a finished motorcycle. In December 1953, the 4-cycle 90cc "Koreda CO type" was completed. About five years after Honda

Figure 2



Power free (1952)
Source: Suzuki Motor Corporation(2002)

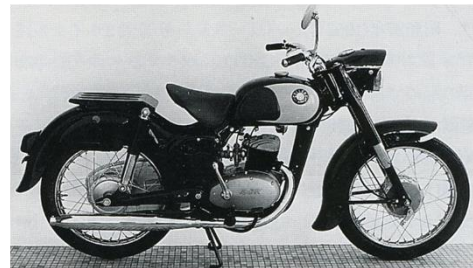
Motors, Suzuki Looms also became a motorcycle manufacturer.

Let's look back on the trends in the motorcycle industry at the time. Nippon Musical Instruments Manufacturing (currently Yamaha), which had been planning to enter the motorcycle business, announced the first finished motorcycle in October 1954 (Yamaha 125) and entered the motorcycle business. Nippon Musical Instruments Manufacturing, with its sophisticated craftsmanship and streamlined production system cultivated through the production of musical instruments and the production of propellers in the military factory era, was a major threat to competitors. This year marked the commemorative year that Honda Motor Co., Ltd., Suzuki Looms, and Nippon Musical Instrument Manufacturing entered the motorcycle business, as well as the year when the weak manufacturers began to be withdrawn from the market .

In September 1954, Japan's driver's license system was revised, and motorized bicycles were categorized into two types: the first type was 50cc or less and the second type was 51cc or more to 125cc. In addition, up to the second class, the practical test was exempted, and people could ride only with a permit. It was expected that this revision of law would create potential demand, which had been hindered by obtaining a license until then, therefore motorcycle manufacturers focused on developing highly practical new 125cc class vehicles. Suzuki Looms expanded the engine of the "Koreda CO" from 90cc to 125cc, while starting to develop a new two-cycle engine (125cc).

Suzuki Looms pointed out two reasons for choosing a two-cycle engine: (1) better output and performance than four-cycle engines; (2) simpler structure and easier handling. It was difficult for Suzuki to catch up with Honda Motor in the field of four-cycle engines, and Suzuki's financial base was weak, so the production costs had to be kept low. Therefore, it was a logical strategy that Suzuki focused on a two cycle engine. The development of the two-cycle engines proceeded under two major concepts: noise reduction and enhancement of durability. The newly "Koreda ST 125cc" became a hit product with a total production volume of 100,000.

Figure 3



Koreda ST5 Type (1958)
Source: Tomizuka (2001)

developed

For follower company to be recognized in the market, it needs to increase the attractiveness of its products. Shunzo Suzuki used motorcycle racing as a place to emphasize Suzuki's product performances. Fortunately, Suzuki's motorcycle delivered good results in the race, so Suzuki successfully enhanced its brand value as a motorcycle manufacturer. A large number of companies requested Suzuki's sales agents, and its sales network developed nationwide.

Needless to say, Suzuki's success in the motorcycle business was attributed to the technical knowledge accumulated through the production of automatic looms. Technologies such as castings, machining and parts processing were directly diverted to motorcycle production. For engineers who had experiences in research in automobile engine and motorcycle engine prototyping, it was not so

difficult to develop original products based on products of leading companies. The reason why Suzuki Looms and Nippon Gakki, which were not necessarily innovative compared to Honda Motor succeeded in the motorcycle business was because their overall ability as a company was excellent.

Table 1 Motorcycle production in Japan by major manufacturers

Company	Vehicle	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
Honda	Two-wheeled motor vehicle					120	1,243	1,719	2,557	2,840	3,771	4,848
	Light two-wheeled motor vehicle	924	3,282	14,188	30,344	29,419	20,632	28,442	36,939	58,484	68,726	85,293
	Motorized bicycle						20,293	30,275	45,475	49,886	80,639	108,511
	Total	924	3,282	14,188	30,344	29,539	42,168	60,436	84,971	111,210	153,136	198,652
Yamaha	Two-wheeled motor vehicle								270	298	284	639
	Light two-wheeled motor vehicle						576	6,698	9,665	12,770	31,425	25,444
	Motorized bicycle						2,452	4,389	8,804	18,033	39,198	39,532
	Total	0	0	0	0	0	3,028	11,087	18,739	31,101	70,907	65,615
Suzuki	Light two-wheeled motor vehicle							3,059	4,481	5,907	7,050	11,683
	Motorized bicycle						12,518	17,554	28,482	34,085	45,118	46,201
	Total	0	0	0	0	0	12,518	20,613	32,963	39,992	52,168	57,884
Marusho Motor Co., Ltd.	Two-wheeled motor vehicle					217	153	5				326
	Light two-wheeled motor vehicle		496	2,443	6,435	4,274	4,580	6,381	6,117	3,826	7,406	5,724
	Motorized bicycle						3,358	3,546	2,161	4,329	3,608	5,263
	Total	0	496	2,443	6,435	4,491	8,091	9,932	8,278	8,155	11,241	11,313
Kitagawa Motor Co., Ltd.	Light two-wheeled motor vehicle			4,458	4,692	3,155	1,848	769	377			
	Motorized bicycle						1,844	570	41			
	Total	0	0	4,458	4,692	3,155	3,692	1,339	418	0	0	0

(Source) Small car newspaper company (1958) "The history of the small car industry making rapid progress" Pages 16 to 21

4. Progress to a mini car manufacturer

4.1 Conflict over the automobile manufacturing business

In 1937, the production of Sarong looms peaked. Michio Suzuki was already looking for an alternative product to automatic looms. He found a new business domain to replace automatic looms with his entry into the motorcycle business. His success was largely driven by the presence of technical knowledge accumulated through pre-war automotive development.

Michio Suzuki's real intention was to enter the automotive business early, but he was faced with strong opposition from the management team, including his successor Shunzo Suzuki. Michio Suzuki decided to focus on the motorcycle business for the time being, giving higher priority to business restructuring, while leaving room for entry into the automotive business.

The unexpected success of the motorcycle business reignited a fierce debate within the Suzuki company over entry into the automotive business. The confrontation between the promotion group (Michio Suzuki) and the opposition group (Shunzo Suzuki) sharpened, and this shook the company.

In April 1953, Michio Suzuki finally decided to develop a small car and formed a development team led by Saburo Suzuki, Director of Manufacturing. Saburo Suzuki had an experience of working as a leader in automotive development pre-war period. With the success of motorcycle business, the company could afford to invest in new businesses, therefore it started to develop small cars. However, some board members and banks continued their strong opposition. As a result, actual development work did not start until January 1954.

The small car development was under the direct control of Michio Suzuki. The development team consisted of a total of five staff members, including Saburo Suzuki and others. Many of the team members were occupied by young engineers from Hamamatsu Technical College (current Faculty of Engineering of Shizuoka University). However, they had no experience building cars, so they started their work by learning the basic mechanisms of a car while disassembling domestic Datsun and US-made Pontiac.

After approval of the General Shareholders Meeting, Michio Suzuki changed company's name to Suzuki Motor Corporation in June 1954. Motorcycle manufacturers such as Yamaha Motor, Nippon Expressway Engine, and Tokyo Motor clearly indicated in the company names that they were engine manufacturers. In the case of Suzuki, the word "automobile" was added to the company name even before the prototype was completed. This reflects Michio Suzuki's extraordinary commitment to the automotive business.

Under Michio Suzuki's strong leadership, the small car development advanced at an unusual speed.

The technical knowledge accumulated during prewar automotive development also contributed significantly. The development team purchased the Volkswagen Beetle, Lloyd LP400, Citroen 2CV and Renault 4CV for further research. And, taking into account driving performance, maintainability, and the company's technical level, the company started to produce a prototype vehicle with a front engine / front drive (FF) system and a two-cycle engine, based on a German-made Lloyd LP400.

According to the regulations based on the Road Transport Vehicle Act enacted in 1951, four cycles were 360cc and two cycles were 240cc. Suzuki's engine development was also conducted in accordance with this standard. However, the Road Transport Vehicle Law was partially revised in April 1955, and all tricycles and minicars were unified to 360cc regardless of engine type. ⁴In light of this revision, the development team completed a new 360cc with a two-cycle engine.

4.2 Completion of Suzuki Suzulight

In October 1954, the development team completed two prototypes. Michio Suzuki rode a prototype car and performed a long-distance test drive to Tokyo. He successfully drove through Hakone, the hardest part of the route, and headed for Tokyo. Upon arriving in Tokyo, Suzuki visited Jiro Yanase, founder of Yanase Co., Ltd. which was operating car dealerships, and asked for his evaluation of the prototype. Yanase praised the prototype and encouraged Suzuki to mass-produce it.

In April 1955, the third prototype was completed. Based on this prototype, Suzuki obtained government type approval of motor vehicles for three models, a sedan, a light van and a pickup. The new products were named "Suzulight". It was eighteen years after Suzuki started to develop automobiles.

Although Suzuki took the first steps as a finished car manufacturer, its production capacity was only about 4 to 5 vehicles per month. The company set an immediate production target for 30 vehicles. The

selling price was set at 420,000 yen for a sedan, 390,000 yen for a light van, and 370,000 yen for a pickup. However, due to the inadequate production system and sales network, the effects of mass production could not be achieved, and the deficit in the automotive business continued to grow. But fortunately, the motorcycle business continued its strong earnings, so it enabled the continuation of the automobile business.

The characteristics of Suzulight, which laid the foundation for mini cars, can be summarized in the following six points.

- (1) Commercialized a two-cycle automobile engine that was considered for small motorcycles.
- (2) Innovative operability with FF system (front engine / front drive), rack and pinion steering system.
- (3) People could drive with a license for mini car.
- (4) There was no need for periodic inspection and maintenance costs were low.⁵
- (5) 360cc air-cooled two-cycle two-cylinder engine had high acceleration, and FF system enabled stable driving and indoor habitability.
- (6) The product had a variety of sedans, light vans, and pickups, which could meet various customer needs.

In the process of developing a car without compromise, Michio Suzuki emphasized practicality and durability of the product. High level of technologies were implemented in the Suzulight to make it a solid and practical car. Suzuki wanted his car to be useful for people's lives. His emphasis on practicality and durability in product development was consistent since the days he was making looms, and this was clearly reflected in the product concepts of motorcycles and mini cars.

One thing that should not be overlooked in Suzuki's automobile development is the existence of its partner companies. Many of those partner companies had business with Suzuki even before the war, and the slump in Suzuki's loom business was also a serious problem for them. Suzuki's success of motorcycles and minicars opened new avenues for those partner companies. At the time of 1955, there were 50 partner companies, and their technical knowledge also helped Suzuki open up new business domains.

4.3 Leading mini vehicle company

Even though Suzuki succeeded in development of Suzulight, next big challenge was its mass production. Controversy between pro-mass production and opponents intensified again. Pro-mass production, including Michio Suzuki, argued that the motorcycle business's earnings should be invested in the car business, while cautious groups were still skeptical of the car business itself. The opposition thought that mass production was premature due to domestic demand for automobiles and the company's weak financial base.

As the mass production of Suzulight was postponed, the company's business base stabilized due to the boom in the motorcycle business. In 1957, Michio handed over the position of president to his son-in-law, Shunzo Suzuki (he was then senior managing officer). After resigning from the president, Michio Suzuki did not assume the post of chairman, and completely withdrew from the forefront of management. The new president, who showed a cautious attitude to the automotive business, maintained a strategy centered on the motorcycle business, and the mass production of Suzulight was virtually shelved.

Here, let's look back on the trends in the automobile industry at that time. In 1955, when the Suzulight was launched, the Ministry of International Trade and Industry (MITI) announced the National Car (People's Car) concept. This concept gave bright hope to Suzuki Motor which was aiming for mass production of mini vehicles. Michio Suzuki frequently visited the Automobile Division in MITI, asking for opinions on whether to focus on cars or trucks. ⁶

The National Car concept was not announced after a formal ministry decision. Nine members of the Automobile Manufacturers Association (Toyota, Nissan, Isuzu, Hino, Mitsubishi-Nihon, Shin Mitsubishi, Minsei Diesel, Fuji Seimitsu, Ota) expressed opposition to the standards set out in the National Vehicle Initiative. The product standards set forth in the National Vehicle Initiative were closest to those for mini vehicles, which spurred mini vehicle development.

The Subaru 360, launched by Fuji Heavy Industries in 1958, was a minicar developed with the national car concept in mind. The Subaru 360 succeeded in creating demand for private cars as the first mass-produced mini car in Japan. In 1961, the production volume of Subaru 360 reached 21,800 units, taking the No. 1 position in mini vehicles market. On the other hand, the production volume of Suzulight in 1961 was 13,283 units, only about 50% of Subaru 360.

In 1959, Suzuki's automobile plant was destroyed by the Isewan Typhoon (Typhoon Vera), which caused serious damage to Japan. Shunzo Suzuki was pursuing a motorcycle-oriented business strategy, but after the rebuilding of the automobile factory, he decided to mass-produce the Suzulight. It is easy to imagine that his decision to change Suzuki's business strategy drastically was impacted by the National Car concept and the success of Subaru 360. At the time of its launch, Suzulight had a lineup of three models. However, during mass production, Suzuki focused on the light van as it was

Figure 4



Suzulight (1955)
Source: Ozeki(1997)

exempted by commodity tax and could be used for both passenger and cargo. As a result, the production process was streamlined and exhibited a mass production effect. Suzuki's actual first step towards a mini car manufacturer began at this time.

Table 2 Suzuki Motor Industry's production volume trends

Year	Motorcycle division				Motorcycle total	Automobile division			Automobile total
	Below 50cc	Below 125cc	Below 250cc	More than 250cc		Passenger car	Commercial car	800cc	
1952	9,993	0	0	0	9,993	0	0	0	0
1953	37,251	5	0	0	37,256	0	0	0	0
1954	25,699	6,336	0	0	32,035	3	0	0	3
1955	11,279	11,267	0	0	22,546	28	0	0	28
1956	14,129	15,783	2,525	0	32,437	228	0	0	228
1957	18,150	19,754	3,933	0	41,837	399	0	0	399
1958	41,802	27,216	4,535	0	73,553	480	0	0	480
1959	22,173	41,586	3,147	0	66,906	480	677	0	1,157
1960	93,602	36,730	15,857	0	146,189	0	5,824	0	5,824
1961	108,456	43,680	6,604	0	158,740	0	13,283	0	13,283
1962	84,224	77,300	4,055	0	165,579	0	33,792	0	33,792
1963	126,388	140,002	4,595	0	270,985	1,551	38,295	0	39,846
1964	182,447	191,514	6,377	0	380,338	1,792	39,087	27	40,906
1965	122,474	188,925	22,965	0	334,364	1,370	40,210	457	42,037
1966	191,825	211,243	44,404	0	447,472	2,147	64,704	1,316	68,167
1967	203,151	174,869	23,584	937	402,541	26,052	89,577	563	116,192
1968	173,775	176,421	5,932	10,482	366,610	93,133	96,878	279	190,290
1969	222,243	151,450	18,177	8,747	400,617	121,654	116,403	108	238,165

(Source) Created by the author based on 512 pages of Suzuki Motor Industries (1970), "50 Year History".

5. Conclusion

Starting with the Suzulight in 1955, the minicar industry produced the Subaru 360 (1958), Mazda R360 Coupe (1960), Mazda Carroll 360 (1962), Mitsubishi Minica (1962), Daihatsu Fellow (1966), and Honda N360 (1967). Stimulated by the national car concept, various manufacturers successively entered into the mini car market. Suzuki Motor Co., Ltd. gradually survived fierce competition and gained the top share in the domestic mini car market in 1974. To date, Suzuki maintains its position as a leading minicar company.

Michio Suzuki had the following three entrepreneurial characteristics.

The first is excellent self-innovation ability. Suzuki did not stick to his own success experiences, and constantly challenged new fields. The self-innovation of top management fostered a self-sustaining organization that produced continuous innovation, which achieved spiral growth.

The second point is the use of knowledge. In taking on new business, Suzuki Motor made full use of knowledge it gained as an organization. Suzuki accumulated deep manufacturing technologies. The diversion of technical knowledge was actively explored within company, and this led to new businesses.

The third point is the creation of shared value. Shared value means creating social value by responding to social needs while creating economic value. By addressing the social needs of the mass production of minicars that emerged from the advent of motorization in Japan, they also realized the creation of economic value as a company. In other words, Suzuki succeeded in linking corporate success with social development through their business activities.

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¹ Utility Model No. 26199 (December 18, 1912)

² Patent No. 88338 (September 15, 1930)

³ Suzuki Motor Corporation [1960], p.163.

⁴ Japan Light Motor Vehicle and Motorcycle Association [1979], p. 220.

⁵ For small cars, the tax was 16,000 yen and the annual insurance premium was 2,410 yen.

⁶ Koiso [1980], p.37



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