

Part 3
The second stage of my life

(4)

Corporate strategies into seven subsidiary companies

“Hard working, hard learning and hard playing” seems to be the key words for a very energetic and successful businessperson. However, as far as the last one, hard player, is concerned, I was not as good as the ordinary playboy, partly because of my crippled deformity. And yet, I used to go out in the night time for various parties. I was given in those days many public statuses such as the vice president of local traffic safety associations, trucking association and others, a dozen all together in the number. The night-time party for the customers was quite often. Many businesspersons invite their customers for the golf play. For my physical incapability of playing the golf drove me in stead to invite them for the night-time party.

I have a good dear memory about the night-time party with a customer. On the appointed invitation time, a negotiation with the labor union suddenly came up to prevent me from going out on the time. After calling him to tell about my late joining with him, we began to negotiate telling the president of my appointment with the customer after the negotiation was over. After the negotiation was over, the president of the union gave me a courtesy word of their appreciation of my making another overtime work with the customer.

When I sit together with the customer for the drink and meal, he showed me not a single sign of discomfort of my being late. On the contrary, he appreciated so much of my taking overtime work with him even after the tough negotiation with the labor union. I was given a word of appreciation from the both sides.

The customer looked so glad about my being with him even though I was late. I was then told about a fellow trucking company’s president who invited him for the golf play in the midday time. Comparing the two truckers, he said, he appreciates my effort much better than the other. He said to me “you worked for negotiation with the union for overtime work, and now you spend the second overtime work with me. I appreciate your hard labor for this day and night.” He emphasized that the trucking industry is a labor-intensive business so that the top management should try to be present as much as he can in the working place for better labor management.

This episode may seem rather strange in the days when the golfing was a most common play among businesspeople.

However, this is a true story about my customer service activity.

I played pretty fair day and night, so to speak. I used to have not a bad reputation among the nightclub ladies. I have never had too many drinks to get drunk. Even a normal person gets unsteady to walk when too many drinks. To say nothing of me a crippled person like me. I was afraid of my legs crippled worse by the drink. This worked as a brake for over drinking.

I had a favorite first class bar in Hiroshima, the Madam was intelligent lady, a graduate of the Teachers University, now the university of Hiroshima, whom we often talked in English. She was one of the well known beauties in the city. I once told her that I would someday have ten companies to manage. She encouraged me saying, "Yuu-san (my nickname), you will!" Later years, I made it seven companies, not ten, though. Each time I established another company, I went her bar to make a report to her. She said with joy for me, "Good for you! I believed you would get it done by all means!" This was a story of my nighttime life. She has been dead for a couple of decades.

Now coming back to the daytime story of my life as a top management, my purpose of building many companies was not from that amusing motivation. My motivation was first of all, came from my belief that the purpose of a corporation is to give its employee an opportunity of "self actualization".

Simply speaking, a company has one president, one vice president and one manager, making three positions, thus three times seven is twenty-one posts all together. In other words, twenty one employees have an opportunity of being appointed as executives so much so their dreams in life.

One more benefit of making smaller companies is to make what we call "Small is beautiful" in that the smaller company could make smaller and quick turns in its management.

What is more, we are nothing but the small business people. The small business is not good at building strong administrative management and organizing facility well enough. The owner the top management is good at making everything by oneself.

The first subsidiary company I established came from an idea of separating the business section for a customer cement manufacturing company from another cement maker. The two customers are rivals each other, so that I thought it was better for us to separate the sections each other under the name of keeping business secrecy. My real intention was to make more companies, though.

The second one came from my choice of making an

independent subsidiary company for operation in the newly build logistic cement base for the same cement manufacturing company. This idea was welcomed by the trucking fellow companies in the district because of the strict regulation of opening a new company through registration for a new license in those days. The point was to get the transportation license only limited for the hauling cement products. The mother company had a license of hauling everything. If the company open a new branch licensed office, the company could haul everything that gives the local trucking companies a fear of becoming a big competitor to them.

Upon practicing this plan of making an independent company, there came out a big problem for the employee drivers that some of them might be fired because of the average hauling distance becoming shorter by means of the new logistic base. It developed later the birth of a labor union, the third time.

The third subsidiary company was brought about to us by a trucking firm in the bankruptcy. The problem comes to us for making a decision of buying the firm. They hauled Pepsi Cola products as we did. Their customer was the same to ours. Their hauling district was different from ours. I came to know that another big trucking company had an ambition of buying the firm so that they expand the territory bigger for future domination of the hauling business of Pepsi Cola. This made me a strong decision of trying to buy the firm to protect our own territory. This finally made me experience of what we call “M&A, Merger and Acquisition” for the first time in my top management history. The story comes again late.

The fourth subsidiary company comes from the fact that the above mentioned third subsidiary company turned to be in the red so long. I had a hard time trying to make it get out of the red. This fourth company became the burden, therefore, for both labor and management. There was a deep motivation for the both, therefore, that we must do something to get out of the red by doing something.

In those days, we had a contract with the labor union that our trucks be in operation at least eight years while the tax allows its depreciation for four years. My mind was to extend it to the ten-year depreciation for more reduction of the operating cost.

It was real coincident that one day, the president of one of the customer cement makers came to me with a business opportunity offer. The company's name was Aso Cement, Inc. The president's elder brother is Mr. Tarou Aso, the onetime Prime Minister of Japan in 2010. The business chance he brought to me was the one that that elder brother of his, Tarou, brought into his company from America when he

was visiting the United States on business as the president of the company.

It was rust proofing business called “Ziebart” with international franchised system. The head office was in Troy, Michigan. My strategy to the labor union was to bring this new business into our business by making the fifth subsidiary company and at the same time to materialize as my plan to make truck depreciation to ten-year from 8-year, thus aiming at like killing two birds with one stone.

The new company’s name was “Zeibart Hiroshima, Inc.”, the franchisee of Hiroshima Prefecture. In order that I get complete agreement from the labor union, I sent the union president and its other executives to investigate the business to the leading cities for the Ziebart such as Fukuoka in Kyushu, the home city of Aso, Inc. and Okinawa and others. Okinawa was the most prosperous prefecture for Ziebart because of the islands with the salty atmosphere. My intension was to let the staffs get more and positively interested in the project to invite their stronger motivation. My plan was right and got the target right in the spot.

The fifth subsidiary company was established by becoming independent of one of the business sections of “selling department”. My business strategy was to expand our basic business of “hauling” to “storage, processing and selling”, similar to the so called “supply chain system”.

We had an originally developed corrugated box on sale for the medical wastes such as disposal hypodermic needles. NHK, Japan Broadcasting Corporation, put its interview on the TV for several times in a single day. My plan was to make the department independent by establishing the fifth subsidiary firm.

It happened that through my best friend, a business talk came to me if I have an intention of buying a business. The business was to purchase oil from the oil trading company by a small tank truck, and haul it its originally captured customer and sell it. An idealistic business style the trucking industry could expect to cultivate in the time of the so called supply chain system.

This business chance came from the president of a small firm who is in trouble of handling transportation section with five small tank trucks. He had a son, but he did not like to succeed his father’s business because of the difficulty of human management.

The business section that he wanted to sell is the set of five trucks and five drivers with the business right of buying oil from the oil trader and haul and sell it to the customers. The contract offer was some sixty million yen all together. I had a very strong zeal to get it, but played as if I was puzzled

by the offer after I made a group of six companies at the stage.

The labor union seemed somewhat reluctant about my aggressive strategy of making many small business companies. Their worry might be that smaller companies policy is aimed at lessening the power of the union.

I made, therefore, a play by using a trick to the union. I behaved as if I was not so enthusiastic about the new business even though I wanted to get it very much. I called the union executives to my room and told them, "My best friend brought me another business chance. I want to take a little rest after that much of making companies. But I have to answer my friend whether we accept his offer or not within a few days. What should we say to that offer?"

I knew the human psychology that if they were ordered to do something, they would obey to do because they are in a place to do whatever comes from their manager. However, if the work ended in failure, they think they are not responsible. They say, "We did as ordered to, that is all."

My question of "How do you think of this?" to them invited their positive and responsible motivation to the risk taking issue. All I did was to give them the necessary information regarding the acquisition conditions.

The union took a very positive attitude to buy the business. My response to their word was, "Are you sure of success? If that is what your union really thinks we should take the risk, OK, let's buy it. Settled!" Needless to say, there happened no problem at all when we made a contract including the management of the five drivers.

After all, the "department of sales" came to deal with two main items for sales including its transportation, that is, "the corrugated box for medical wastes" and "the small oil sales by small tank trucks". The idea was to establish another, fifth company to deal with these two businesses.

In those days, the trucking industry in this country was in the process of advocating what we called "3PL, the third party logistics" campaign. The fifth subsidiary company was exactly what it was, though the scale was very small. As one of the directors and many other executive posts of the trucking associations, I could tell and teach through my own experience.

The sixth subsidiary company was born with my own idea of utilization of the long-year-idled land real asset for building gas station for the Mobile and Pepsi Cola, the international brands.

In 1990, I had a luck to buy a land of some 5000 square meter along side of the Route 2 (From Osaka to Fukuoka). This real asset used to play a great deal of mortgages for bank

loan later years. I have an episode about this real asset in the process of possession.

A friend of mine, a real asset company president, invited me to take a look at a land in the city of Higashi-Hiroshima for my future investment. The land price was so rapidly going up in those days to make me try to invest for future sales profit.

I bought the one to his offer. It was on the way home from the site that he began to advise me to buy another one in the spot. I was negative about his offer, but he was so eager to sell it that I finally made up my mind to buy the land by the company's budget.

The motivation was simply the big profit expected to get when sold years later. However, the land had been idle for more than ten years. The luck came to me when I was known that the Route 2 that runs in front of the land, would be expanded so that the Mobile gas station located just in the opposite front of the land, would be removed somewhere. This was the beginning of my new project in mind.

Soon I succeeded in making a business talk with the Mobile and Pepsi for using the land for the two big customers for their future business stations.

The land, however, was under some regulation for the development, so that much work was needed to get the special permit for the land development. This would be quite a story with many episodes. The chief of the well known national construction company for gas station later year told me, "You have made things possible what we thought impossible to do!" A part of the story would come ahead somewhere.

Thus formed a group of seven subsidiary companies, including the mother company that I succeeded from my wife's adopted father. The group consisted of some hundred employees with total annual sales of some two billions annual sales.

I take pride of being able to say that I have experienced what we call Merger and Acquisition and more than anything else successful management with the labor union and so on. However, my life up to that stage was not that easy. The stories would never be told too much with lots of dear memories.