

MADE IN JAPAN

AKIO MORITA and SONY

Akio Morita
with Edwin M. Reingold and Mitsuko Shimomura



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Forty years ago, a small group gathered in a burned-out department store building in war-devastated downtown Tokyo. Their purpose was to found a new company, and their optimistic goal was to develop the technologies that would help rebuild Japan's economy. In this early gathering was a young engineer, Akio Morita, then twenty-five years old.

Today, that company is one of the most powerful and respected multinational corporations in the world—Sony—and Akio Morita is its outspoken chairman. From primitive, early tape recorders to the revolutionary compact disc players of today, the Sony story is one of consistently high-quality merchandise and phenomenally successful marketing strategies masterminded by Morita—who realized he would have to *create* the markets for Sony's unprecedented products. Morita's striking departure from the traditional Japanese business practice of making decisions by committee led to the spectacular success of the Sony Walkman—which was his own idea. And perceiving that Sony's future would be intimately tied to that of the United States, Morita decided to found a U.S. subsidiary, Sony America, and took the highly unusual step of moving his entire family to New York City during its establishment.

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From his global perspective, and as a friend and admirer of the U.S., Morita candidly discusses the differences between Japanese and American management practices, the often stormy trade relations between Japan and the West, the real reasons behind the "hollowing out of American industry," and the role of technology in preserving the future of mankind.

Known around the world for his exceptional vision and intuitive ability to understand and unite peoples of different nations and cultures, Akio Morita has been called not only "a man for all seasons" but "a man for all peoples." His book shows why.

Akio Morita became chairman of the board and chief executive officer of the Sony Corporation in January 1976. He is a frequent speaker on international affairs.

Edwin M. Reingold has been *Time* magazine's Tokyo bureau chief for eleven years. *Mitsuko Shimomura* is a leading journalist in Japan, known for her writing on politics and international affairs.

Jacket photograph © by Anthony Loew



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"At a point in history when ancient hostilities and bitter biases divide so many men, groups, and nations, Akio Morita excels as an accomplished harmonizer, a true internationalist. Our disputatious world cries out for this man's talents."

James D. Hodgson,
former ambassador to Japan

Akio Morita on...

■ *Japan and the United States:*

"We should recognize and be grateful that our problems are not yet so badly politicized that we cannot sit down and talk about them rationally."

■ *Management:*

"Those companies that are most successful in Japan are those that have managed to create a shared sense of fate among all employees. . . . In the long run, your business and its future are in the hands of the people you hire. To put it a bit more dramatically, the fate of your business is actually in the hands of the youngest recruit on the staff."

■ *The Sony Walkman:*

Nobody openly laughed at me. . . . Everybody gave me a hard time. It seemed as though nobody liked the idea. . . . I do not believe that any amount of market research could have told us that the Sony Walkman would



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Acknowledgments

Forty years ago, on the afternoon of May 7, 1946, some twenty people gathered on the third floor of a burned-out department store building in war-devastated downtown Tokyo to establish a new company: Tokyo Telecommunications Engineering Corporation, which was later to become the Sony Corporation. The founder of this company, Masaru Ibuka, was thirty-eight years old. I was twenty-five. Knowing him has been one of the greatest blessings in my life, and working with him has been a source of immense joy. This book owes its existence to my long association with Masaru Ibuka.

Almost a week after the fortieth anniversary of Sony, my wife Yoshiko and I celebrated our thirty-fifth wedding anniversary. Yoshiko has played a great role as my diplomat and partner, and together with my sons Hideo and Masao, and my daughter Naoko, she has provided me with the support and understanding that allowed me to devote myself to my work.

I cannot express enough thanks to my parents, to my men-

tors, and to my innumerable friends and colleagues within and outside Sony who have helped to nurture an environment of creativity and support.

My deepest gratitude goes to Edwin Reingold and Mitsuko Shimomura, who listened with endless patience and enthusiasm to my thoughts and long stories. Without them this book could not have been completed.

Also I wish to express my sincere appreciation to many others, particularly my assistants, Megumi Yoshii and Lidia Maruyama, for their important staff work in the preparation of materials for this book.

MADE IN JAPAN

WAR

Survival and Hope

I

I was having lunch with my navy colleagues when the incredible news of the atomic bombing of Hiroshima arrived. The information was sketchy—we were not even told what kind of bomb had been dropped—but as a technical officer just out of college with a degree in physics, I understood what the bomb was and what it meant to Japan, and to me. The future had never been more uncertain—Japan had never lost a war—and only a young man could be optimistic. Yet I had confidence in myself and in my future even then.

For many months, I had known that Japan was losing the war and that continuing it was futile, but I also knew that the military would want to fight to the last man. I was twenty-four, with a degree from Osaka Imperial University, and was working with an interdisciplinary team of scientists and engineers trying to perfect thermal-guidance weapons and night-

vision gunsights. The military authorities hoped that Japanese technology would turn the tide of the war, but although we worked diligently, we knew that it was late and that our projects were not destined to succeed. We were lacking in resources and in time. And now, after Hiroshima, it was obvious to me that time had run out.

Unlike the civilian population at the time, which was under the strict surveillance and control of the police and the military, I had access to naval information and I could listen to short-wave radio broadcasts, although it was illegal even for a naval officer off duty. I knew before August 6, 1945, that American strength was overwhelming and that the war was as much as lost. Yet I was not prepared for the news of the atomic bomb. The bomb took everyone by surprise.

On that hot, humid summer day, we knew nothing of the horror of the bomb that was dropped. The news bulletin we got at our navy lunch table said only that the bomb that fell was "a new kind of weapon that flashed and shone," but that description told us this surely had to be an atomic device. Actually, Japanese military authorities withheld the details of what happened at Hiroshima for quite a long time, and some officers refused to believe that the Americans had the bomb. We had not come far enough in our theoretical research to know the dimensions of the destructive power of such a weapon, to realize the tremendous loss of life it could cause. We didn't know how horrible an atomic weapon could be, but I had seen the terrible results of conventional firebombing, and, in fact, I was in Tokyo just after the night of March 9-10, when the incendiary bombs from wave after wave of B-29's had whipped up a fire storm that killed one hundred thousand people in just a few hours. I had also seen the horror of the bombing of Nagoya, my hometown. Parts of all of Japan's major industrial cities, with the exception of Kyoto, were charred wastelands in 1945, depressing heaps of blackened remains: the homes of millions of Japanese. That an atomic bomb could be worse was almost unimaginable.

Although the bomb was dropped at 8:15 A.M. on August 6, we didn't hear about it until noon on August 7. My reaction to the Hiroshima bomb was the reaction of a scientist. Sitting there at lunch, I lost all interest in the rice in front of me, as much of a luxury as it was in wartime Japan. I looked around

at my colleagues and said to everyone at the table, "We might as well give up our research right now. If the Americans can build an atomic bomb, we must be too far behind in every field to catch up." My superior officer got very angry with me.

I knew something about the potential of atomic power, but I thought it would take at least twenty years for an atomic bomb to be developed, and it was shocking to realize that the Americans had done it. It was obvious that if the Americans had come this far, our technology had to be primitive in comparison. No weapon we could devise could possibly match it, I said, and it seemed to me there was nothing, no new weapon or defensive device, that we could build in time to counter it. The news of Hiroshima was something truly incredible to me. The technology gap it represented was tremendous.

Although we knew there was a difference between American and Japanese technology, we thought ours was very good, and it was, but we still tried to get as many new ideas as we could from elsewhere. Once, for example, we got some salvaged equipment from a shot-down B-29 bomber, and we noticed that the Americans were using some advanced technology and different electrical circuitry, but it wasn't a great deal better than our own.

That is why when I first heard of the atomic attack on Hiroshima, it struck me that American industrial might was greater than we realized, simply overwhelming. I, for one, should have been prepared for it. In fact, as a boy in high school I had seen a film of the construction of the Ford Motor Company River Rouge complex in Dearborn, Michigan, and was thrilled by the concept of this gigantic project. The film showed big ships bringing iron ore from faraway mines to the Ford River Rouge steel mill, which turned it into different kinds and shapes of steel. When the steel was finished, it was moved to another part of the complex, where it was molded or stamped into parts for automobiles, and the parts were then assembled into cars in another part of the same plant. Japan had no integrated manufacturing like that at the time. It is ironic, though, that many years later, when Japan was recovering from the war and developing its own new industrial system, building new and efficient plants on tidewater locations and developing integration like we had seen in the Ford prewar operation, I had an opportunity to visit the River Rouge complex. I was sur-