



Global Modular Course: MGMT 890

Sustaining National Competitiveness by Leveraging Capabilities:

Japan's Approach, Progress, and Future Challenges

Course Information and Assignments (version: Nov.15, 2016)

Tokyo (and environs), Japan -- March 5-9, 2017

Dates in Japan: 6:30pm dinner on Sunday, March 5th; company visits from Monday, March 6 to Wednesday, March 8; panel discussions and wrapup, finished by 1pm on Thursday, March 9.

Pre-trip activities: 3 hours of class session in February, times to be determined, either one 3-hour session from 6-9pm or two 90-minute sessions from 4:30-6:00pm EST. Advance reading and writing assignment. These sessions are required unless you have an academic conflict.

Credit and eligibility requirements: 0.5 Credit Unit; course must be taken for a grade (no Pass/Fail or auditing); must submit short essay when applying (questions below); open to current MBA and WEMBA students.

Course Instructors:

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Course Overview

The importance of Japan within the global economy is well-established; in 2015, it was #2 behind the U.S. in both revenues and national income, #3 in the world in nominal GDP, and #4

in the world in exports. However, Japanese global dominance in many key manufacturing industries reached a peak in the 1980s and hasn't reached the same level since. Indeed, the 1990s were a difficult period of recession for Japan and is considered "the lost decade", i.e. a period of stagnation, following the burst of a housing bubble, with slow movement towards restructuring. Most significantly, the productivity advantage of many Japanese firms was dwarfed by the low labor costs of emerging economies, particularly in China which became the overwhelming choice for Western outsourcing investments. In addition, Japanese mastery of analog technologies slowed their movement into digital technologies, leaving them at a sudden disadvantage as once-dominant firms like Sony fell behind Korean rivals.

The 2000s were more economically favorable but were also characterized by exchange rate challenges from a strong yen that made Japanese exports expensive and increased the frequency of Japanese firms establishing production facilities in low labor cost countries. Meanwhile, competitors from Korea, the U.S., and various European countries continued to erode the Japanese competitive advantage in product innovation, supply chain management, and manufacturing in a number of key sectors, e.g. consumer electronics; telecoms; semiconductors. Even in the automotive industry, where Japanese firms continue to be strong global performers, the gap with competing automakers has closed considerably.

In response to these difficult times, Japanese firms and policymakers have responded by boosting competitiveness via improving and leveraging firm capabilities. As wages rise in China, Japanese manufacturers face a smaller cost disadvantage and can compete successfully with product and process innovation, new services, customization, and speed in developing and launching new products. Other Japanese firms excel in R&D breakthroughs or creative advances in cultural products that have a global audience.

Notable examples that we will study during this course include the following:

- Japan's traditionally strong manufacturing companies are evolving to maintain global competitiveness via leveraging their product design, manufacturing, and supply chain capabilities in new ways
- Japan's SME's (Small-and-Medium-size Enterprises) in the manufacturing supply chain have learned to survive during the years of the strong yen and the pressure to outsource work to low-cost labor countries and are now crucial to the ongoing competitiveness of their large-firm customers and the country overall
- Japanese logistics firms are global leaders in coordinating complex supply chains, which bolsters the competitiveness of their customers but also creates opportunities for new business models that provide new services
- Japanese product and process innovations continue to have a significant impact in Japan and foreign markets, from cultural products (manga; anime; youth fashion) to video games to robotics for consumer use and business services
- Energy sustainability and "green" products/services have been a long-time focus of Japanese policymakers as well as an area of distinctive advantage for several Japanese firms in such areas as biofoods, transportation, energy efficiency, recycling, and logistics

- Japan is displaying increasing levels of entrepreneurship. Besides more availability of venture capital funding from inside and outside of Japan, startups are increasingly encouraged with social legitimacy, organizational supports, and regulatory flexibility.
- The challenges of dealing with an aging society and a less-than-replacement birth rate have major implications for the labor force (and hence for immigration policy) and for social policy re: services to the elderly. Private sector firms are innovating in response to these issues, with support from the government.

In past years, this course focused entirely on Japanese manufacturing and supply chain capabilities. This year, the focus of the course has broadened to include the full range of activities undertaken by Japanese firms to sustain their competitiveness, both locally and globally, with the support of government policymakers eager to boost and diversify economic growth while preserving crucial aspects of the social fabric.

For this new design, we will organize company visits that can provide insights into many of the capability-building activities now being undertaken by Japanese firms. Our time in Japan will be devoted almost entirely to such visits, in a deliberate application of the important philosophy of *genchi gembutsu*, i.e. go and see, to the actual place and the actual situation. We will prepare students to get the most out of these visits through pre-trip sessions at Wharton, including pre-readings and a written assignment due before the trip. The learning from company visits will be reinforced via a team project carried out during the trip itself; and a closing individual reflection paper, due after the trip.

For each company visit, we will consider the following questions:

1. What is noteworthy about the capabilities of the Japanese company we are visiting? How might those capabilities provide competitive advantage along various performance dimensions?
2. What are the pressure points on the company we are visiting (past, present, future) and how do those forces threaten both capabilities and competitive advantage?
3. How has the Japanese company responded to these pressures in order to maintain capabilities and leverage them more effectively, both in Japan and globally?
4. How do domestic factors in Japan (from consumer preferences to demographics to fiscal policy to government support of key technologies) affect the focal firm's ability to improve its capabilities and competitive position?

The full group will travel together for company visits on Monday and Tuesday March 6-7. On Wednesday March 8, we will divide into two groups that will each visit two different companies in a single day. Within each group, students will be assigned to teams and given an observational assignment. Upon returning to meeting rooms at Global Business Hub Tokyo in the late afternoon, teams will be given a few hours to prepare a short presentation and the day will end with team presentation. On Thursday, March 9th, we are organizing a panel with representatives from different companies, think-tanks, and government agencies to address questions about Japan's future; speakers on the panel will often be Wharton alumni. A closing luncheon will allow for final discussions among faculty, students, and panelists. This final session will end at

1pm on Thursday, March 9th. This will allow WEMBA students who need to get back to the U.S. for class sessions on Friday and Saturday to leave later that same afternoon, while other students will be able to enjoy a bit of time in Japan before returning for classes in Philadelphia on Monday March 14th.

Resources for pre-trip preparation will be added to this syllabus soon, including:

- websites that provide current economic, political, and social news from Japan
- books and case studies to read for general background and as material for the individual paper due before the trip
- background materials on the companies that we will visit
- information on Japanese culture, economic geography, culture, food and drink, etiquette, etc. to prepare you for the visit

A Canvas site will also be established for distribution of course materials and submission of written assignments.

Students interested in this course are invited to submit a short statement (maximum 1 page) stating the reasons why you are interested. This may relate to past experiences; your future career; a learning goal; and/or interest in a specific topic. **Please submit your statement to: mgmt890JapanGMC@gmail.com by 11:59pm on Monday, November 28, 2016.** At the top of the page, provide the following background information: a) your name; b) your year and program at Wharton; c) your academic major or focus at Wharton; and d) your current or most recent job. The rest of the page should make the case for you being chosen for this course.

Grading and Assignments

30% is allocated to your level of active participation in all course activities, including pre-trip session discussions; **being present for all activities in Japan**; preparing for Q&A sessions during company visits on March 6-7; contributing to the team project work on March 8; preparing for active involvement in the panel discussions on March 9th.

20% is allocated to the individual pre-trip paper that you will write based on your analysis of either a book or a case study, **due in February** following pre-trip session(s), specific due date and assignment questions to be determined.

20% is allocated to the presentation that your assigned team will prepare and deliver after company visits on **Wednesday March 8th**, assignment questions to be determined.

30% is allocated to an individual reflection paper that is due roughly two weeks after your return from Japan, at **11:59pm on Sunday, March 26th**.

Travel, hotel, and meals

Students are responsible for all travel to and from Tokyo. A package price will be available to cover all hotel costs, meals, and local transport; the higher rate will provide single occupancy, the lower rate will be for double occupancy. Details forthcoming, including dates for paying the initial deposit and the remaining balance.

Course Schedule (to be confirmed)

Sunday, March 5th

Arrive in Japan; check in at Maranouchi Hotel (near Tokyo Station); welcome dinner at 6:30pm, location to be announced.

Monday, March 6th

Morning: Visit to DeNA (Tokyo) -- provider of mobile portal and e-commerce websites; owns Mobage, a popular cell phone gaming platform; alliances with Disney and Nintendo; owns Yokohama Bay Stars baseball team

Midday: To be announced.

Afternoon: Visit to Yamato Logistics Terminal at Haneda Airport – transportation company, founded in 1919, that is now a global leader in logistics management. Known for its Black Cat logo and famous for its luggage delivery system from hotel to hotel. This facility is a major hub for connecting air freight plus port of Tokyo and port of Yokohama shipping freight to trucking services for “last mile” deliveries.

Tuesday, March 7th

Morning: Visit to Nissan’s Oppama Assembly Plant in Kanegawa which manufactures the Nissan Leaf (battery electric vehicle), Juke, Cube, Sylphy, and newly launched Note with e-POWER drivetrain. Also visit Global Training Center for training shop floor master trainers.

Midday: Visit to Nissan’s Proving Ground for test drives of multiple Nissan vehicles

Afternoon: Visit to Euglena HQ. Euglena, a venture company originated at U. Tokyo, achieved the first large-scale outdoor cultivation of euglena (a type of microalgae) worldwide in 2005. Euglena is rare for being able to photosynthesize using its chloroplasts; it contains most of the nutrients required for human survival and is used in foods and cosmetics. The winner of 1st Nippon Venture award in 2015 launched by The Ministry of Economy, Trade and Industry (METI).

Wednesday, March 8th

Group A: Morning visit to Euglena Central Research Center. Afternoon visit to Softbank (Tokyo) – demonstration of “Pepper”, a human-shaped robot, called “the first humanoid robot capable of recognizing the principal human emotions and adapting its behavior accordingly”. Being used in more than 140 SoftBank Mobile

stores in Japan as a new way of welcoming, informing and amusing their customers. Recently adopted by 1700 companies including auto dealers, mega-banks, elderly care homes, etc. Will export to the U.S. next year.

Group B: Morning visit to Tamachi, small supplier of camshafts for motorsports and medical equipment. Afternoon visit to Hamano, small supplier of metal stampings to the automotive industry, known for effective collaboration with universities, start-ups, and SMEs (Small & Medium-sized Enterprises) from other industries.

Thursday, March 9th

Morning: Panel discussions with speakers from companies; think-tanks; government. Tentative topics to include: Innovating to Care for Japan's Elderly Population; Venture Investing in Japan; Promoting Japan's Cultural Products Worldwide; and What Japan Will Show the World at the 2020 Olympics.

Luncheon: Adjourn at 1pm