

**Success Story (5):  
“The Seven Values of Japanese Corporations”**

**by Mr. Hugo Lozez Araiza Vega / Mexico**

**M**r. Hugo came to Japan as a trainee under the Japan-Mexico Exchange Scheme in 1983. He learned the Japanese language and the Japanese society and culture in the AOTS General Orientation. In the specialized technical training held by Ebara Corporation he learned about assembly, design, quality control and production management of hydraulic pumps. After training hours he participated in cultural activities such as flower arrangement, tea ceremony and bonsai and the computer seminar organized by AOTS. Returning to Mexico he was engaged in two business fields. The first one is computer education. He taught in high schools at first to take advantages of the computer expertise he had gained during the training in Japan, and later started a venture business to dispatch computer instructors in response to

the surge of demands for computer education. The business was so successful as to register 20 instructors and 40 schools under contract in 5 years. The second one is corporate seminar business. He had started lecturing on the theme of “The Seven Values of the Japanese Corporations” in 1992, and the business saw a remarkable surge in 2002 when he got involved in SME Week organized by the Mexican federal government. He often receives business inquiry from the local companies today. The seven values that Mr. Hugo focuses on include (1) long term planning (2) creativity (3) shop floor staff quality (4) outsourcing (5) transparency (6) maintenance, and (7) human resources. He contributes in promotion of the Japanese business management to the Mexican business community.

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**Mr. Hugo Lopez Araiza Vega**

A resident of Mexico City. In 1985 Mr. Hugo founded the Brain Computer Center, a company dedicated to education in computers, and since then has been serving as its president. From 1995 to 1999 Mr. Hugo served as president of the Mexico AOTS Alumni Association (Asociacion de Ex-Becarios de AOTS Mexico-Japon AC).

Past experience of AOTS training:

Technical Training in 1983 [provided at Ebara Corporation]

Management Training Course in 2000 [The Program on Management of Technology]

Management Training Course in 2003 [The Program on Quality Management for Latin American Countries]



Success story (5): The 7 Values of Japanese Corporations  
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Country: Mexico  
Field of activities: Economic or Cultural Exchange

On 15 September 1983, I arrived for the first time to Narita Airport. I remember very well that date because it was Mexico's Independence Day. That was the first I celebrated by drinking sake instead of tequila.

I was very young, just a university graduate, with a lot of dreams and wishes to conquer the world. Under the interchange scheme between Mexico and Japan, I had to study Japanese language and culture under AOTS General Orientation Course in Japan. Actually, it was a very hard time. Twenty-two young Mexican people living together at AOTS Kansai Kinsu Center (KKC), studying every morning three hours of Japanese language and in the afternoon studying Japanese culture and economics, geography and so on. In the evening we had to do three hours of homework in order to pass the daily test in Japanese class. Of course some of us were driven crazy, and others were very concentrated on studying every day. After three months of that heavy training we were able to understand two thousand Japanese words and all the grammar. It was a pretty amazing result.

At the end of the General Orientation Course it was winter in Japan and we had a year-end holiday. So with a friend we made a trip to Shikoku Island for 10 days, and there we were able to talk with the people and experience Japanese culture. We stayed at a *minshuku* (private inn) and one night we slept in a Buddhist monastery. On Christmas Eve we managed to go to a Catholic Church in Osaka City, and on New Year's Eve we were in a Buddhist temple, also in Osaka City, ringing the night-watch bell, to welcome the New Year.

New Year, new life, so we said goodbye to KKC and departed to different companies all around Japan. I went to Hiyoshi-ryo (Hiyoshi dormitory) of Ebara Corporation and began my technical specialized training in that company at their Haneda Factory in Tokyo. It was very interesting to learn about water pump manufacturing and studying all the process from the inspection of raw materials and sub-assembly to the delivery to the customer. In the middle I was able to study and gain hands-on experience in Assembly, Design, Research, Quality Control, and all the production processes. After work time, I joined different cultural clubs, like Ikebana, Bonsai, Tea Ceremony and pottery, when I moved to the Kawasaki and Fujisawa factories, I followed the same life. Very slowly but very steadily the Japanese way of thinking was being inculcated in me.

In the middle of the technical training, AOTS organized a computer seminar in Tokyo. I was very happy to meet with all my Mexican friends again. Some of them were very sad because they came

from very tropical Mexican cities and at that time they were suffering four meters high of snow. Others had communication problems since they were not able to talk in Nihongo (Japanese) and the Japanese people were only able to speak in Eigo (English). But after all, the computer seminar was very useful.

After the completion of my training and returning to my country, I made a round the world trip, visiting twenty one countries in three continents. It was a very lonely and impressive experience for me. I learnt to survive by myself, and to understand and respect different cultures. I realize that all human kind is the same, with the same fears and ambitions; the only difference is the way that everybody spends and uses time. Some countries just waste time, and others are in a hurry. I also learnt that weather plays a very significant role in a country's development; colder countries are more developed.

When I returned home I was shacked and shocked. I felt like I was living in a photograph. After more than one year of absence the country, local and family problems were the same. I had changed, but no one else had. The feeling of being foreigner in my own country was very strange. I was looking for an engineering job for six months, but nobody needed a well trained engineer because all the companies bought the technology from other countries. Finally I found a job at secondary school teaching computer science. That was thanks to the computer studies I had in Japan. After 3 months of working, I was invited to teach in a special group in the afternoons. These seminars were very successful and I realized that my future was there. So I quit half of my teaching hours, bought three computers, and began to visit different schools promoting my new business. The idea was simple. Carry computers to schools; offer the software and be the teacher. By the end of that school year I had four contracts so I quit my job and worked full time in my company. Two months later I had two more contracts and the company began to grow very fast. In less than five years I had 20 teachers, and 40 schools. The only way to manage that was using the Japanese tools of quality and management that I'd learnt during my technical training at Ebara Corporation.

Many people began to ask me about the secret of my success and I tried to explain all the experience that I'd gained in Japan. Of course, nobody understood anything. I was invited to give a two-hour lecture about the Japanese success phenomenon. So I began reflect on all my experience and found seven easy values that all the Japanese enterprises had in common, so I titled the lecture "7 Values of Japanese Enterprises." I was very interested in the reaction of the public. Everybody was very surprised to learn that simple model. And some of them found it very difficult to achieve. But it is very simple; it only needs to set specific goal on a various work respectively.

It has been more than 10 years since the first time I gave that lecture. Today in a different forum I was invited to share my experience. Over the last 6 years in Mexico the Federal Government has organized "SMEs Week". In that event you can find seminars, an exhibition hall, and bank financing. It is a very successful event and more than 50,000 people attended in 2007. I was invited to this event and I have given a lecture over the last 5 years. At the beginning, I had a small room of 200

audiences, completely full, and every year they gave me a bigger room. In 2007 I was able to give the lecture in the main hall to more than 1200 audiences. It was an amazing experience. I am sure that this small effort will make a big difference in many companies.

The seven values of Japanese enterprises are as follows:

- (1) Long term planning: When I studied water pump design, I learnt that the design in Japan had a very tight and well thought-out schedule. They had to design different kinds of motors for the next ten years, and they had planned every year, every month, every week and every day. So if they did not achieve the daily goal, it would impact on the ten years plan. So all the designers concentrated and worked very hard.
- (2) Creativity: Many people think that the Japanese companies only copy from Western companies. At the beginning, on early fifties that happened but nowadays the Japanese companies have a lot of research and Innovation. For example, Toyota is the largest car manufacturing company in the world with many models. Also Nintendo is a very innovative company, releasing a lot of new video games every year. The only way the Japanese companies learnt how to survive by innovating and offering very technically complicated goods that are difficult to copy.
- (3) Shop-floor staff quality: Who is in charge of delivering quality goods, the shop-floor staff or the management? Of course the people who manufacture the products have to do it with quality. So they have the responsibility to do it well. The only way to achieve this goal is with a lot of training and a deep knowledge of all the process, so the blue collar workers can realize the importance of their particular step.
- (4) Outsourcing: If one company wants to expand their activities and increase sales, it has to increase the production. To achieve this goal there are two ways. One is to invest in new facilities, machineries and workers. The second is to outsource. Toyota has the same production as GM but with 10% of the labor force. This is possible because of outsourcing. This scheme is very useful to expand companies and is more flexible than the other.
- (5) Transparency in management policy: Why are Japanese Shop-floor workers so content with their own enterprise? Because the labor union leader has a seat at the executive board, so he knows perfectly the economic situation of the company and never ask impossible salary rises during labor contract renewal. That is why strikes are not common and the workers work very hard.
- (6) Maintenance: I was shocked when I visited the factory floor in Japan. In Mexico, Japanese enterprises are famous for technology and robotics, so I expected to find a shop full of robots and automation. But far from this, the Japanese factories have a lot of very old machinery but very well maintained.

- (7) Human resources: This is the most highly appreciated asset of the companies. The Japanese companies have a lot of investment in training and human resources development that let them have a lot of innovation in products and systems.



*“SMEs Week” organized by Mexican Federal Government (left) and Mr. Vega (right) who made a lecture there*