

# ■ “Success is a journey, not an endpoint,” says Yasuo Nishiguchi, business leader, innovator, and academic

Yasuo Nishiguchi has had a diverse and successful career. The core of his career is over 30 years' dedication in Kyocera, a Kyoto-based multinational ceramics and electronics manufacturer, during which he led the group's development to a EUR 10 billion revenue business, as an engineer, president, chairman, and CEO. Undoubtedly, Yasuo is one of the most prominent business leaders in Japan. He currently serves as chairman of Yamada Consulting Group, Clairfield's exclusive partner in Japan. He is also the executive director of Japan Innovation Network, a public-private partnership that fosters innovation in business. He serves on the boards of several industrial companies. The thread tying his activities together is his academic interest in innovation and technology, backed by his doctorate in technology management.



**We are interested in what success means to you as a business leader, as an academic, as a promoter of innovation, and also as a Japanese executive with perhaps a different point of view from the westerners that we've interviewed. With your long career in different companies, some of which were entrepreneurial, some were long established businesses – was the definition of success different in each business?**

This is a bit difficult to answer. But basically, you may be surprised that I would not use the Japanese word *seiko*, meaning success, as a goal for a business activity. Of course, there are some tangible projects or processes that we might deem "successful." But I would not use that word for a company.

The companies I have been involved with, for example, Kyocera or Yamada Consulting Group, really need to be continuously growing for the long, long term. In Japan we would say a company needs to consider the next 50 or 100 years!

I was president and then chairman of Kyocera. In that position my mission was to take what had been accomplished over the years in company history and then grow the company to the next level to hand it over to the next generation. When I was president, I helped grow the company's revenue from JPY 1 trillion to JPY 1.2 trillion and profitability was doubled. But even that, I would not consider a success but rather, as one of the processes of the company growing and meeting the future. That is what I would consider my true achievement in the company.

I became the chairman of Yamada Consulting Group three years ago, and I feel that my role is to build on what Yamada has as a base to create the possibility of future growth so that the company can be a model consulting group tomorrow and the day after. We've encapsulated this philosophy in a one-page document on display at the office, so everyone at the company is very familiar with this strategy.

In sum, I believe that my definition of success may be very different from the way you see it. For me, it's a long journey, not an end point.

**That's a very interesting point of view. Do you think this is typical of the Japanese way of looking at things? In Japan you have so many small businesses that have existed for hundreds of years. Would they share your idea about growth, or is it more about survival from one generation to the next?**

Yes, this outlook is probably part of Japanese culture. Historically, Japanese companies were not used to selling companies, for example, but rather would continue with their own management. Where I live in Kyoto, there are companies that have remained in business for 400 or 500 years and traditionally that longevity has been valued in Japan. So, it could be said that this kind of thinking about success is part of the Japanese psyche.

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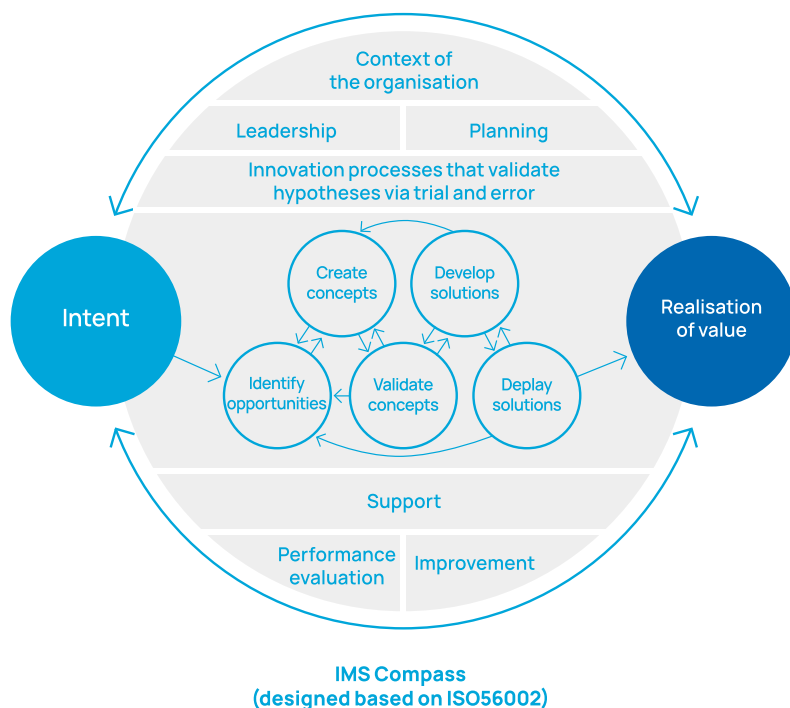
**You do believe that tangible products can be a “success” though?**

This can be the case in taking a short-term perspective on a business. For example, say we predict market demand for a product in three or five years. First I would clarify the marketing of the target product: what price point, what capabilities, what technical specifications, and which launch date. In the next step we would plan production, looking at what kind of technology is necessary, how to manufacture the product, and at what cost, which will also depend on what price the market will accept, all within the determined time frame. Everything must be clearly planned before proceeding. When the product is completed and goes on the market three years later, and the market responds well, and we are also happy with the profits, then yes, we can evaluate this project as a success.

Basically there are two distinctions. As a company as a whole, no matter how the business changes, we are required to continuously grow. And, while on a path of continuous growth, it is very difficult to stop at a certain point, look back, and claim success. On the other hand, if we achieve specific goals with a product or specific business to cater to the demand of a certain era, then of course these achievements can be evaluated as successes. It is a question of long-term strategic planning in one case, and clear target and specific implementation in the other case.

**When setting these, let's call them targets rather than successes, do ESG and sustainability issues enter into the equation nowadays in Japanese business?**

ESG is an important factor for Japanese companies as well. For example, our manufacturing businesses, and not just Tier One companies like Toyota and Nissan, but also the suppliers to those big car manufacturers, are conscious of sustainability issues. All Japanese companies must face the challenge of what it means to do business in a more sustainable way and this is a topic in boardrooms across Japan.



### Tell us about the startup culture in Japan. What area in Japan has a particular startup culture like Silicon Valley or areas in Berlin or London?

There is not really one place like Silicon Valley in Japan where startup companies gather in one location. For startups that have spun out of academic research and are backed by universities, they tend to be located near those universities, which are spread across the country.

I am currently a board member of two startup companies, but those two are not specifically clustered in one place.

### Can you tell us more about these two startups?

One of the companies develops power semiconductors that will be essential for the future of electric vehicles.

The other is engaged in microwave technology. You know microwaves do magic in the kitchen, but microwave technology has not been successfully used in industrial applications. We are getting there with this startup, which is a huge innovation. And if the technology becomes successful, it will create new values in the worldwide market. I have very high hopes for this startup!

### Speaking of startups compared to long-established companies, do you notice a difference in business attitudes towards success?

There is a clear difference between startups and long-established companies. Startups are small organisations with small amounts of capital, so any positive or negative results have repercussions on founders and staff themselves. If they achieve the plan, then they will have those returns to themselves; if they fail, they alone will bear the consequences. From that perspective, they are more impacted by the results. Whereas, if it's one division

in a long-established big company, results will not be reflected upon an individual as it would be to the startup members. So there is a clear difference between how the two types of companies see the importance of those results.

The microwave company I mentioned before is a good example. It had an IPO last June. The original stakeholders received stock options beforehand. After the IPO, they will be exercising those stock option rights and getting returns from the market for themselves.

When you look at the IPO, you could call it a success. But it's just one moment in what will be a longer timeline. The company needs to continue to grow and to meet investors' expectations. The success of the IPO is not an endpoint.

### And what about business failures? Are people afraid of risk or do they understand that failure is something that you can learn from?

In Japan, it is true that employees are scared of failure.

As a company grows, at some point the founders step back and, as time goes on, typically some employees are promoted and become management of the company. Once in that role, they are more averse to taking risks. They are certainly not as proactive as their counterparts in the US in terms of risk taking.

There is a clear downside to fear of risk. When you are afraid of risk, challenges that lead to innovation will also be difficult to overcome. Playing it safe does not lead to innovation.

In my work with Japan Innovation Network, I actively work to encourage Japanese companies to proactively work on making innovations.

### Can you tell us more about the history and mission of the Japan Innovation Network and your work there?

I serve as executive managing director of Japan Innovation Network, which is a representative of the International Organisation for Standardisation (ISO) and works to expand its ISO standards, particularly those regarding innovation, in the Japanese market. We work together with the private sector and government ministries.

ISO 56,000, which deals with innovation management, only started being used in Japan almost three years ago and is now used by around ten large international companies, such as Hitachi. Innovation is a long-term process so we expect to achieve some innovation results in maybe five to ten years. With the value of innovation to society it is worth the wait and investment.

Seeing a company achieve innovation is one of my highest satisfactions.



**Tell us about your pivot to academia. How did that come about and how does it fit in with all your other activities?**

I have worked in the business world for more than 30 years, reaching the top management of large companies. It was after that period that I studied for a doctorate in technology management. I have also taught as a professor at university. With both practical business experience and academic experience under my belt, I came back to the business world but now I also contribute to activities such as the Japan Innovation Network, which is neither business nor pure academia. Going back to academia has contributed to and enriched my business thinking.

For the younger generation, it is very important to take in academic knowledge or read academic books or papers that relates to our business. Ten or 20 years later we will see the fruits of having dedicated time to academic work. Like innovation, it's a long-term investment.

As the chairman of Yamada Consulting Group, I aim for an entire business system that encourages employees to work strategically by thinking about tomorrow and doing today's work. We regularly attend a midterm strategy conference where we set future plans. That helps employees to think strategically, about what they need tomorrow rather than only doing what is immediately in front of us.

**Is that typical for a Japanese company? Yamada has a young and dynamic M&A team, with many women, which is unusual in this business and perhaps unexpected for Japan.**

Yamada Consulting Group is rather young in the Japanese market, with 30 years of history. It is still growing and perhaps as a consequence, we have a young generation, compared to, say, traditional manufacturing companies with longer histories.

Yamada has a lot of women on many levels and in management positions. We do feel that women are a key factor moving into the future. At Yamada, we aim to create a good working environment for women to achieve success in the company. For example, remote working has been a boon to women or anyone who both works and takes care of small children. Japan will be changing in the future to be more flexible and make it easier for women to take on important roles.

This goes hand-in-hand with knowledge management where I have also been taking a lead in establishing a system. This is important because by sharing and utilising knowledge that each individual has, Yamada will be a more efficient organisation, regardless of whether teams work from different places or in the same office. To

promote remote working, you also have to promote this knowledge management.

**As a final question, how would you define a successful life?**

As I explained before, I do not have a definition of success. Throughout my life I have tried to achieve my visions and dreams. I am still working on new things and new businesses, and that is still a part of a process in my long life. I do not evaluate my life by looking back but I am satisfied in the present.

Later this year I will give a speech at the high school I graduated from, with the theme "a creative and active life." The high school students and graduates in the audience may look at my career and work, and think that I am a successful man. The way I look at it, I have lived my life creatively and actively. I want to tell people, especially the younger generation, that because the future and the environment change, no matter where you are in life, being creative is the most important thing. In picturing your goal clearly, and then working to achieve that vision, creativity is the key factor. Life is basically doing this over and over again, a series of goals! Success isn't looking back. It's looking forward and creating something for the future. ■

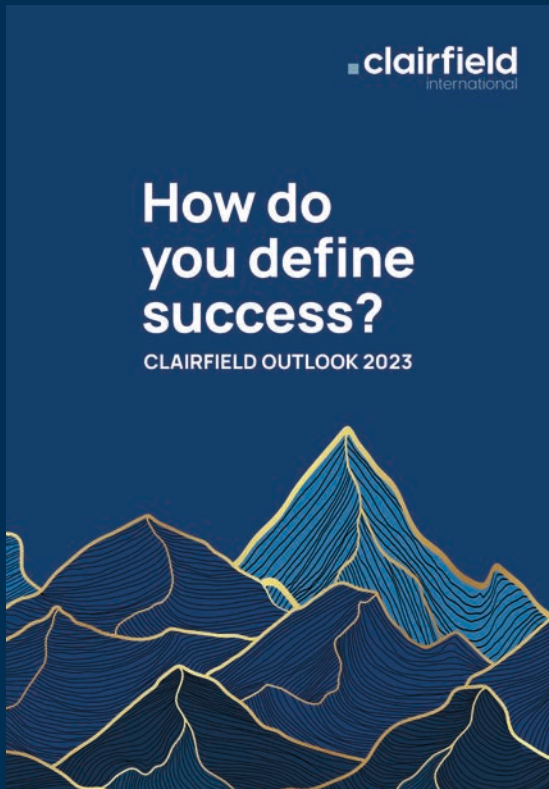


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# 10 definitions of success

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Success is a journey, not an endpoint, says Yasuo Nishiguchi, business leader, innovator, and academic

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