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## **STRATEGIC JAPANESE BUSINESS VISIONS – POSSIBLE TRANSPONES IN PUBLIC SERVICES**

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*Abstract : Frequently, the „Japanese miracle” was a subject of discussion. The book „The Strategist Brain Power – The Business Art in Japan”, by Kenichi Ohmae (Japan, 1975) when the business environment was confronted with serious problems. The book brings, also in Romania (1998), a number of tools that can be used by businessmen in working out strategies ment to lead to performance. Even if the author is declaring himself „an enemy of governments and bureaucrats, and a great supporter of entrepreneurial initiative and private companies”, we believe that the use of the strategist’s comprehension can be „a very powerful weapon, comparable with the laser” for the eradication of some problems in the public services sector. The paper aims at transposing some strategic schemes used in business, in public services, especially by the idea of extent of freedom versus constraints.*

**Key words:** *strategic vision, Japanese business, transposition, public services*

**Introduction**

„The Japanese miracle” is, lately a subject that many company managers discuss. This is mainly due to the fact, utterly unexpected, determined by the way the Japanese companies have approached and conquered the European and American markets. The surprise comes from the fact that the management and marketing have their roots in America, and those that „take advantage” of them are the Japanese companies.

The Japanese business environment witnessed natural convulsions after the Secound World War. So, they were known as a nation of „imitators” as they made all by „copying” the American patterns. This situation was determined by the appreciation given to those proposing copying as solution, and disfavour incurred by those that ventured their own original ideas.

The book, that we propose as a start for a model, came out in Japan, in 1975, when the business environment was confronted with serious problems. These were the results of the oil crisis and of the general image. Under these circumstances Kenichi Ohmae has the courage to propose in his book „The Strategist Brain Power – The Business Art in Japan”, the use of man’s brain power as a main weapon to fight with, in business. The ideas submitted by him were well received by the young managers, and the book has become one of the reference books in the area of business management. This was afterwards, published in the USA, and in 1998, it was published also in Romania.

The author states, quite from the beginning of the book, that in Japan there is no powerful economic school – the magic stays in the fact that remarkable strategists have a low formal education, probably they have not even the curiosity to read an expert book, but have an exceptional capability to intuit the evolution of the interaction between the company – clients – competitors.

**Basic elements of strategic thinking**

- Two of the obstacles that have to be fought against, from the Japanese point of view, are:
- the access to positions of strategist or executive manager at an early age so that enough enthusiasm to be left to design bold and innovative strategies;
  - accept the intuition and perspicacity as main elements for planning success strategies.

Although the author defines himself as „a declared enemy of governments and bureaucrats, and a great supporter of entrepreneurship and private companies”, we consider that the use of strategist’s brain power can become „ a very powerful weapon, comparable with the laser” for the eradication of some problems of the public services sector.

Kenichi Ohmae begins his work explaining the different kinds of thinking and especially pointing out the specific elements of the strategic thinking. Three types of thinking process are shown in figure 1. 1.<sup>1</sup>

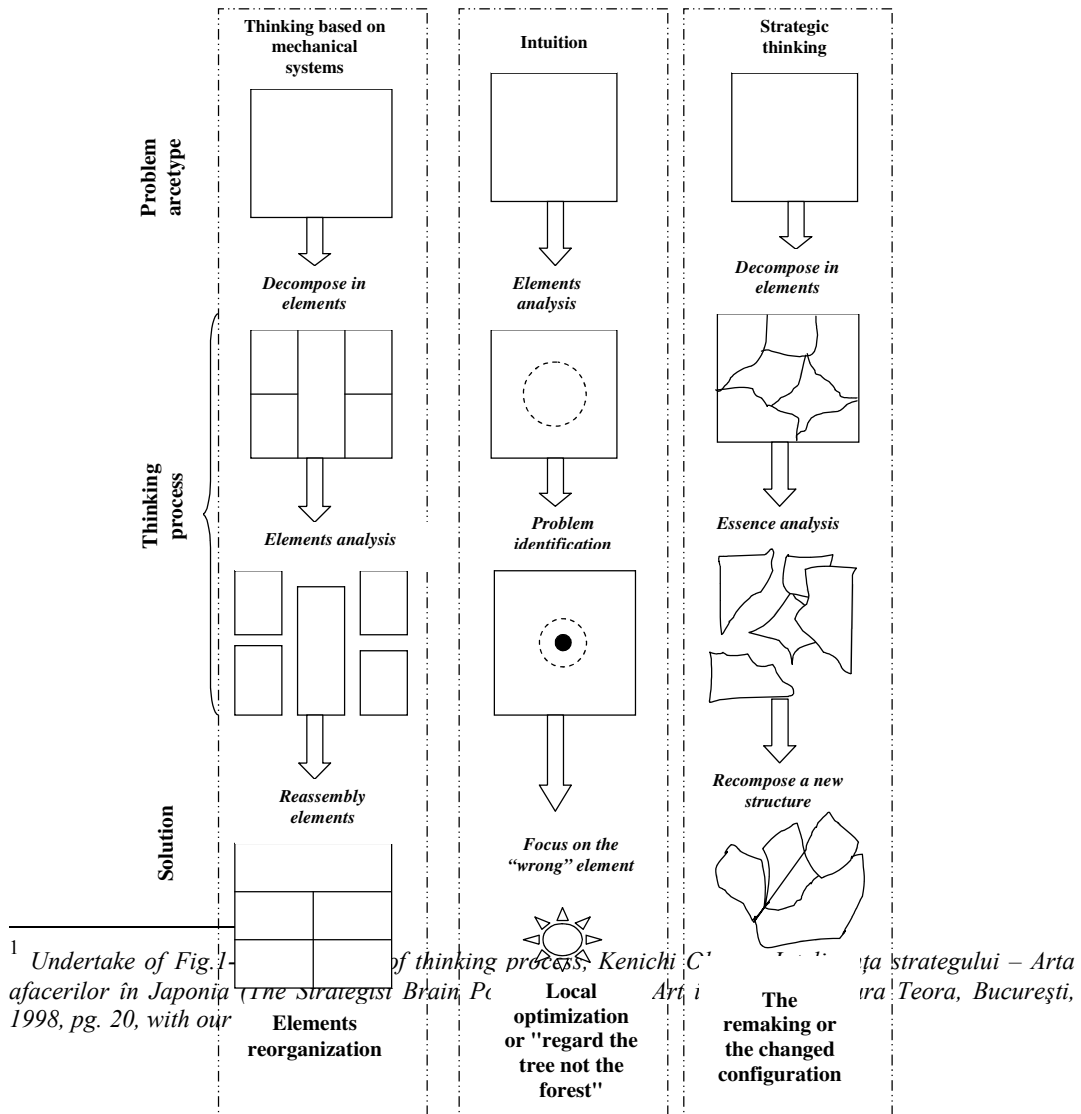


Fig.1.Types of thinking process

The author considers the analysis as the starting point for any strategic thinking process. The first thinking type is that based on mechanical systems of reorganizing elements. This is the type particularly used in the public sector, due to the existence and necessity to maintain a certain level of bureaucracy, the natural sluggishness against the total changes.

The second type of the shown thinking process uses the intuition as the central mood in the identification of the problem and defining the solution. Although we consider this type of thinking very useful and profitable for business, it can't be successfully used in the public sector as it induces a too high level of risk. The risk is not typical for the public administrative structures. These have as an aim, among others, particularly the protection against risks and the distinctive element of the domain is the stability and the absence or limitation at a low level of potential risks.

The strategic thinking proposed by Kenichi Ohmae starts in identifying the elements forming the studied unit and settling their characteristics, by the strategist. Using the imagination, intuition and the perspicacity of the strategist, this will have to build up a new entity out of the components that he has in hand. With no limitations, he can give up elements that he considers unnecessary in the new structure, or he can bring in new elements.

Regarding the public sector we consider that such an approach could be a reforming variant. In support of this proposal is the up to now experience, focused on partial changes, many welcome and with an important positive impact, but it is regarded that a reform is needed, also that a large number of components has to be dealt with the reformation process and that there is the opposition to change shown by the older public servants in the system, situation similar to that in the Japanese business environment, at the time of launching the theory of „the strategist brain power” impact.

In this way, an interdisciplinary group can be organized, both with experienced and especially young persons, strategists of the business environment, other categories that can allow the follow up of a strategic thinking process in the design of a strategy for the public sector and especially for the public services.

In figure 2<sup>2</sup> the stages that has to be followed in a strategic thinking process are shown. One can see that there is the possibility of a „short circuit” that shortens the process to three stages. It is true that, the use of the shortcut is welcome, but it will not reach the proposed results as it gives up the core of the problem.

Kenichi Ohmae proposes, in the above mentioned work, four types of strategies, starting from the main objective of a company, that of getting an advantage against the competition. The author points out that „the strategy,, has, as the only aim, to place the company in a higher position in comparison with the competition, and not to solve internal operational, managerial etc. matters of the company.

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<sup>2</sup> version of the figures 1-2 Problem restrict, pg.24 and 1-3 Steps of strategic thinking with pg.26, Kenichi Ohmae, *Inteligența strategului – Artă afacerilor în Japonia (The Strategist Brain Power-Business Art in Japan)*, Editura Teora, București, 1998, with our supplements.

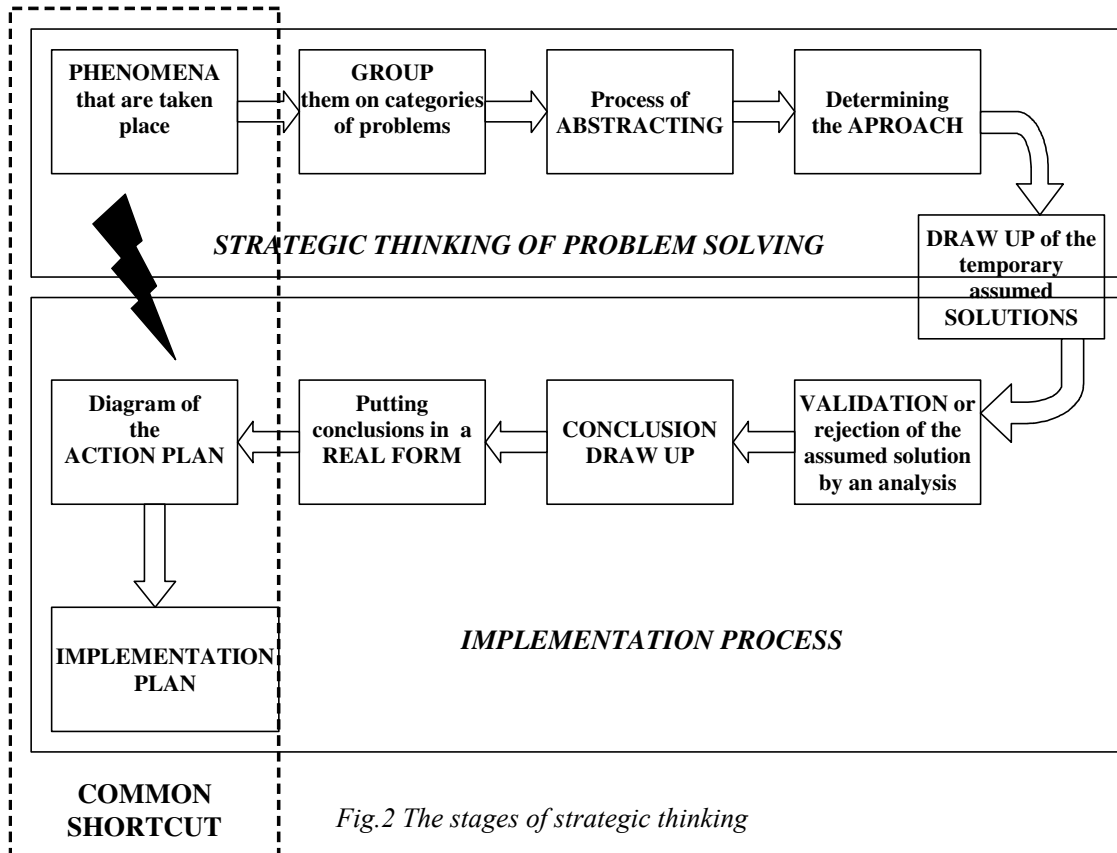


Fig.2 The stages of strategic thinking

He differentiates the company power in the relative and absolute one. The relative power can be low (the inner weaknesses) for a time period as against the absolute power, which is hold as against the competition and whose diminuation can bring about even the company disappearance.

**Strategies types**

For a better understanding of the differences, the author uses the following comparison : „the difference is equivalent to that which exists between the participation to a battle and the follow of an antifat treatment”.

The four proposed types of strategies, according to tabelle 1 can be grouped in two categories, namely : compete intelligently and avoid to compete.

Table 1

	Business or offered product	
	Old/Existent	New/Creative
<b>Compete</b>	KFS	Agresive initiatives
	Intensify the functional differences	Succesive questions as „Why?”
<b>Avoid competition</b>	Relative superiority	Strategic degree of freedom
	Exploit the competition weaknesses	Maximise the beneficiar’s adventageus

*The first strategy* – this strategy is based on the identification of the key-factors of success and the concentration of the resources in a certain area that gives the possibility to bring about a strategic advantage, as against the competition – the key factors of succes KFS strategy.

*The second strategy* - under the conditions of a very stable and powerful competition, the strategy is that of overthrowing the rules of the game so that to obtain a competitive advantage – the Strategy of the aggressive initiative.

*The third strategy* – in the absence of an absolute competitive advantage, one can use the relative advantage against the competitors.

*The forth strategy* – under the context of a powerful competition, one can find solutions that position the company on favourable places by launching new products, by new markets approach or by creation of new markets – The strategy based on freedom extent.

Opposite the proposed strategies to the business environment, the skeptics could invoke the lack of competition in the public sector and thus their lack of appropriation. In the case we come back to the comparison made by Ohmae, an approach of the type: „antifat treatment” in the public services , for sure can allow obtaining results in a short time. If the „battle” in the business environment is with the competition, in the public sector we think that it is a two- level battle.

Thus, a first level is that of fighting the system that has to be replaced, reason for which the process is very difficult, because of the immateriality of the counter party. The time is a constraint as it works against the actual structures and on the part of the former system positive recollection.

A second level is determined by the appearance and evolution of the private sector as an alternative to the public services. This performs a bigger and bigger pressure.

The four proposed methods have two general objectives:

- (1) to offer the company a competitive advantage, difficult to obtain by the competitors;
- (2) to allow its consolidation and expansion.

**The KFS startegy** . Regarding the first type of strategy, that of the key-factors, there is the need to firstly identify them. In table 2 we propose the key-factors for services and point out the way how these vary, depending on the sector.

Table 2

Key factor for...	Types of private / public services		
	...profit increase (price decrease.....)	...increase of market share (...increase the number of beneficiars)	...increase of customer satisfaction (...increase of citizen satisfaction)
Row materials	public light		
Capacity of the offered services		health, social asistance, education services	sanitation services
Production technology		health, sanitation services	health services
Services quality		social asistance	health, sanitation, education services
Range of offered services		health, social asistance services	health, sanitation services

Personnel quality	social assistance		health, education services
Personnel number		social assistance, sanitation, education services	health services
Distribution network		health, social assistance, education services	sanitation services

The profit and market share increase are the objectives of private service companies . These parameters are not interesting for the public services and we considered necessary that they can be replaced by the decrease of the price and, respectively, the increase of the number of beneficiaries. We put, together with these, the increase of the service consumer satisfaction, namely that of the citizen, as for the public services this being the main grievance. One can notice , regarding the shown examples, that for different types of services, the key-factors differ depending on and because of the objective in view.

The strategist has the role to identify the key-factors for the activity area, in study, and has to take into account the whole process for finding all of them. After the key-factors identification it is necessary that the strategist to accept the responsibility of their use, in view of getting the competitive advantages.

**The strategy of the aggressive initiative.** This type of strategy is based on the questioning performed by the strategist, of different executives, about the way the company works, in view of identifying the strangling, rigid zones that bring about the processes blocking or slowing. The questioning is based on the question „Why,.. Using this method it can be identified the zones which has to be unblocked by radical initiatives. This the reason of the strategy name.

We consider that this type of strategy can be used, with success for the modernization of the public services. It is true that the process of questioning is performed with difficulty, because of the reserve of the decision factors from the public administration system. It is possible even to determine an aggressive position among them, if there is no prior explanation of the aim of the questioning. We can't deny the fact that, the method itself has an aggressive component determined, on one hand, by the pressure of the questions and, by the other hand , the radical solutions that are to be proposed by the strategist.

**The relative superiority strategy.** It is based on the creation of a relative competitive advantage that places the company on a favourable position in the market. This can be achieved by using of certain low price policies, that have as a base different reasons , of the compatibility with products or services placed up- or downstream, the homogeneity of services etc.

This type of strategy can be applied in public services with greater difficulty and less spectacular outcome, due to the constraints that the public sector has to meet.

**The strategy based on freedom extent.** The exploration of the freedom extent to build up a strategy for the studied organization, is related to the components on which one can act and the restrictions that should be taken into consideration. The identification of the strategic freedom extent (SFE) is the first stage of the process of drawing up the strategy, the second one being the superpositioning of this assumed freedom extent over the constraints.

In the business environment the constraints come, mainly, from the part of their role and place in the aggregate of services, specific regulation, dependence on the local or central administrative authority etc. The competition, in this case, is not without importance, but it does not exercise a major pressure. On the basis of the strategic freedom extent (SFE) one can establish the sore points on which the strategist should focus.

## Conclusions

The secret of the strategic vision is represented, in Kenichi Ohmae's opinion, by some landmarks :

- The dihotomic thinking „all or nothing”;
- Flexibility of thinking;
- The importance of the key-factors;
- The analysis as the starting point in working out strategies;
- Attitude as an element of change .

„In Japan and the West, there have been big companies that failed entirely in the business world. Although, I don't know a company that couldn't change the direction of action before to be too late. In each instance that I studied, at one moment , the management lost sight of the range of alternatives in their hand , making, by an ever narrower mental vision, for their own destruction”<sup>3</sup>.

We consider that, this judgment comes to endorse the hypothesis that we express, to take over the proposed strategies types and transpose them in the designing of the public services, by using the strategists brain power, with the aim of solving, in a creative manner the problems that face them.

„For the military strategist, the key to success stays in the establishment of how much he has to study for reaching an ideal strategy and to determine the point where the perfection becomes duty. If the strategist is determined to eradicate even the smallest imperfection of his strategy, his officers would have the need of perfect information and unlimited time to achieve such a strategy”<sup>4</sup>

These judgments of Kenichi Ohmae from the work „The Strategist Brain Power „ propose to us to think over the aspects that can be taken over from the military technique, this being the one that has established and used frequently the strategy concept, and, on the other hand, to waste no time searching for the perfect solution.

If it is advanced that in business a weak business plan is more than no plan. We consider that we can extend this principle to the strategies level, saying that the lack of a strategy is more unprofitable than the existence of an improvable one.

We judge as a future challenge the possibility to test putting in operation the aggressive initiative strategy and the strategy based on the freedom extent, that we consider convenient to the public sector and possibly, the key-factors strategy, that can be adapted, but for which we have reserves regarding the possible outcome.

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<sup>3</sup> Kenichi Ohmae, *Inteligența strategului – Arta afacerilor în Japonia (The Strategist Brain Power-Business Art in Japan)*, Editura Teora, Bucuresti, 1998, pg.74

<sup>4</sup> idem, pg.76