

# Restructuring corporate design in periods of dynamic change

Naoto Iwasaki

Gerry Gannon

## I . Introduction

In November 2020, the Nikkei 225 Index achieved its highest stock price in 29 years after bubble economy burst, despite Japan being during the Covid19 Pandemic. This was the Nikkei's highest level since the bursting of the bubble economy in 1992. The reason behind the high stock was because of easing over the uncertainty of the USA presidential election and investment markets around the world became optimistic and bullish about future opportunities. Certainly, the Nikkei 225 Index had been bouncing back and forth between the 20,000 and 24,000 yen for quite some time. In early December 2020, it reached 27,000 yen and shortly thereafter exceeded 28,000 yen on 21<sup>st</sup> January 2021. Although there is a slight sense of incongruity of stock prices rising at the time of such a major natural disaster as the Corona virus, the stock price rise, which many regard as a "leading indicator of the economy" hints at economic expectations post virus.

For many people in Japan, the events of the pre and post bubble economy have faded from view. The change in the business environment from boom to bust over the following 30 years was intense, and apart from the period of the World War 2 was marked by the most significant stagnation Japan has experienced in recent memory. During this time many enterprises experienced both Bull and Bear waves

of prosperity and decline, with many enterprises being born and many others disappearing.

One top investment trust company has suggested that this is a cycle that the Japanese economy will go through every 30 years<sup>1)</sup>. It may be true that such a cyclical movement is accurate, but above all, it is the transformational effort of enterprises that has been the driving force of today's stock price revival. The evolution of the enterprise is not the environmental deterministic evolution of Darwinian evolution<sup>2)</sup> or Lamarck-style evolution<sup>3)</sup> advocates. Rather, it is an evolution in which the will and consciousness of the subject were mingled, which Koop<sup>4)</sup> and Dr. Kinji Imanishi<sup>5)</sup> advocated. The result of the significant effort in achieving these transformations for many enterprises is now bearing fruit.

In this paper, we will consider the basic concept of corporate transformation within the conceptual framework of rethinking “Corporate-design”<sup>6)</sup>, while overviewing the industrial society primarily in Japan over the past 40 years.

## II. Basic concepts of Corporate-design

The first thing that a company which is trying to change its model and markets must do is to understand the nature of the existing market and how it is changing and importantly why it is changing. It is vital for the organization to study what influence it has over its ability to adjust and change, for in understanding the change that an enterprise wants to achieve, without the ability to achieve this

- 
- 1) See Nikkei Shinbun, 25th December 2020, p.20 (in Japanese)
  - 2) It is a natural selection theory, and the theory that evolution occurs by mutation.
  - 3) It is a theory that it is a unnecessary theory, and it is a theory that it mutates in the living thing by the need for the organ.
  - 4) See Bergson, “Creative Evolution”.
  - 5) See “What is evolution?” by Kinji Imanishi, Kodansha Academic Library, 1976 (in Japanese)
  - 6) See “Redesign of Corporate Design” by Naoto Iwasaki. (in Japanese)

## Restructuring corporate design in periods of dynamic change

change, is of little or no value. Then the issue of timing arises, can the enterprise match the required timing? The resources to achieve effective change, even in a large organization are scarce and even then, there is a limit as to the amount of change that can be realistically achieved and that is why timing is so important. And, for the business to operate and indeed strengthen itself whilst it is going through the process of change, the nature and caliber of the management system is very relevant. Additionally, the entity would be wise to manage (as far as possible) the relationships between stakeholders, which sometimes fall into conflicting contradictions. Managers must think about how to manage, procure, and prioritize appropriate resources, how to communicate with partners and customers, and to how to restructure the business structure and the basic processing it needs, so that it must be cognizant of the “overall structure of the enterprise” and its environment.

In this paper, the redesign of the overall structure of the enterprise in relation with the business environment is referred to as restructuring corporate design. “Corporate design” is composed of “business design”, “management design” and “governance design”. The “business design” has the function, mechanism or system of creating sales and value added to a business. “management design” is the mechanism that enables an organization to function effectively and efficiently, and finally “governance design” is the mechanism of corporate governance that coordinates the relationship between the various stakeholders of an enterprise. Thus, even if a business design is suitable for the changing environment the enterprise finds itself in, the enterprise’s performance cannot operate to its intended level, unless the management design, which enables the enterprises operations, can be similarly enhanced, and improved. e.g., If you upgrade the engine of a car for higher performance without upgrading the tyres, likely the car will perform worse (spinning tyres with no grip) or worse crash!

For any enterprise to operate at its potential, at its optimal performance, which is an appropriate combination between environmental change, business design, management design, and governance design, all three “business design”, “management design” and “governance design” must all be working together effectively.

## 1. Changing external environment

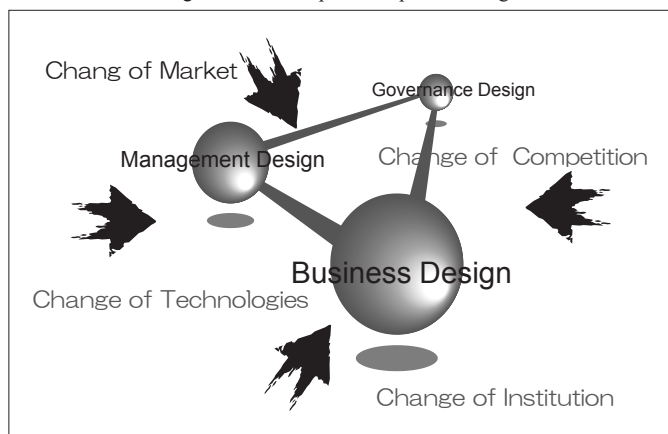
In this section we will consider the changes in the “market environment”, “technical environment”, “competitive environment”, and “institutional environment”, which are the main elements of the external environment surrounding the enterprise and examine their impact on enterprise performance.

### (1) Changes in the market environment

The most familiar aspect of the external environment is the market environment.

In the case of Japan (population 125 million), about 300 trillion yen of the

Figure-1 Concept of Corporate Design



economy is private or consumer consumption, whilst in China, a country with more than 1.3 billion people the consumer economy is about 650 trillion yen, more than twice that of Japan. In both countries the power of the consumer to affect the economy should not therefore be underestimated as they are indeed powerful drivers of their respective economies. And, as the GDP per capita in China grows, so consumers will have more power over the economy in the future.

In understanding the impact of the bursting of the bubble economy in Japan, it becomes clear that the economic environment has had a great impact on consumer behaviour. The influencing factors which affect the purchasing decisions of consumers at the height of the bubble economy, which commenced with the swift appreciation of the yen in 1987, were quite different from those of the post bubble bursting economy. In the bubble economy, high-priced goods had high utility for people, and there was widespread consumer demand for high end luxury goods. This then extended to the service sector of the consumer economy as well, consumers tending to purchase goods and services that were of higher specifications and utility than previously was the case. At that time, it was common practice for consumers to purchase products above what they required, by way of example, “there were many buttons and switches that we did not know how to use in home appliances”. Excessive and overly ornate packaging, was one example of the excessive waste of the time and this trend still lingers today in certain sectors of the economy.

However, consumer sentiment changed significantly when the bubble economy collapsed, and the purchasing behavior of the consumer changed markedly. Subsequent to the bursting of the bubble economy, consumers refused to pay the retail price and instead consumers selected discount-stores, 1dollar shoppers and category killers to buy everything. Under such situation, retailers could not achieve such high prices and so the prices of many goods and services

had to be discounted and reduced, resulting in the so called “collapse of the pricing system.”. However, the “collapse of the pricing system” did not last long. After the bursting of the bubble economy, the market became more and more uncertain with affluent people and those on a budget both skewing the consumer markets and confusing retailers, thus resulting in extreme market polarization.

In spite of the fact that at that time everybody in Japan considered Japan to be in a deep recession, there were still many affluent consumers shopping at luxury brand shops which were spreading in the Ginza area. Some consumers were seeking cheap daily necessities including food for even one yen, whilst for others, expensive brand shopping and expensive meals in high class hotels and restaurants was the norm. Previously the behaviours of these rich vs poor were understood, the pattern of the rich and poor, but the “market polarization” pattern which appeared in the new millennium era was not so simple. It was not unusual to see a wealthy full-time housewife wear real fur in her Mercedes on a daily basis, and for a young woman to wear a Louis Vuitton luxury bag who was in fact a low-income, non-regular employee who was forced to be frugal every day. It was completely different from a simple type of “a bipolar society”. The complexities and uncertainties illustrated by these examples became more and more common.

Moreover, the desires of the more affluent in Japanese society resulted in a change in the more affluent end of society and more and more up market stores flocked to Japan, fueled by high disposable income and the ever-increasing demand for more upmarket goods and services. Since 2007, large-scale apparel stores of SPA business type<sup>7)</sup> have begun to line the center of the Ginza district. Starting with the opening of H&M store as Japan’s first store, followed by UNIQLO, the largest SPA company in Japan, ZARA and GAP, to name but a few.

---

7) It is an initial of specialty (S), store retailer of private (P), label, apparel (A). In the 1980s, GAP used it to describe its business type.

## Restructuring corporate design in periods of dynamic change

In addition to high-end apparel, such as haute couture and ready-to-wear, these areas became a magnet for “high end” retailers and “more affluent” customers, with high end coffee shops, up market restaurants and other complementary services to cater to the desires (both men and women) of those with a higher disposable income in Japanese society. Thus, old Ginza has changed, and its character changed more and more as time went by. In addition to the affluent Japanese customers, a boom in more affluent Chinese and other Asian tourists soon followed. Today it is now a common sight to see long lines of tourist coaches with affluent Asian consumers in the Ginza area. It will be interesting to see how Ginza is able to adapt in a post Covid world? All markets are greatly influenced by the economic situation and Ginza is no exception.

Another consumer economic area of activity worthy of note is that of supermarkets, whose sales have been sluggish in recent years as the consolidation and decline of department stores progressed in the Heisei depression. This was contributed to by the addition of significant number of convenience stores, which expanded extremely swiftly, both in terms of numbers and the services they provided. Indeed, looking across the whole retail and consumer spectrum, the only area which has increased is the mail-to-mail sales market.

One area of dramatic growth is that of the e-commerce (EC) market which is also undergoing rapid change and expansion. Whilst this was growing rapidly pre pandemic, the effect of the pandemic, with the fear consumers had of face-to-face contact, this has further accelerated the adoption of online shopping and marketing. This has even had a major effect in the distribution structure of the retail sector, in transforming the buying behavior of consumers. According to U.S. marketer Roland Hall, store-selling distribution in general, pre pandemic worked as follows: Attention → Interest → Demand → Memory → Action, i. e., “AIDMA.”<sup>8)</sup> However, now consumers collect their information from the Internet,

consumers collect the information from a wide range of sources including search engines, and through SNS such as Facebook, Twitter, and Instagram moreover, there is now the new phenomena of consumers connecting directly with other consumers as it is so easy for them to exchange information with other consumers, even if they were unknown to each other prior to this “first contact”. Thus, consumers’ buying behavior has changed and is now characterized by “Attention → Interest → Search → Action → Share (information sharing)”.; a change from “AIDMA” to “AIS.”

As a result of the internet age, great changes have taken place in customers product knowledge and understanding of the wider market. Indeed, on occasion the consumer can have more knowledge than that of a product salesperson, which was never the case prior to the emergence of such a vast array of product and services data available to all consumers online at the touch of a button. Moreover, in addition to friends and acquaintances, the consumer now has direct access to consumer reports, “influencers” opinions and a multitude of claimed experts (some expert, some not) through their internet portal at home. In fact, the change in power from the retailer to that of the consumer is quite daunting for some enterprises. There are even dedicated websites e.g., unhaggle.com in the USA which is dedicated to making car sales direct with the consumer, bypassing the retailer to the extent that the retailer does not have any contact with the consumer until delivery of the vehicle, the 3<sup>rd</sup> part expert (unhaggle.com) conducting all negotiations.

The spread of the Internet has also enabled some distribution channels which were not viable previously. Under the traditional distribution system, which is governed by Pareto’s law, 20% of good customers provides 80% of an entity’s

---

8) ‘AISAS’ is a concept clarified in 2004 based on the analysis by Dentsu Co., Ltd., the largest PR company in Japan.



sales, a huge potential market called “Long Tail<sup>9)</sup>” had become apparent. In the long tail market, goods that had been treated only as “dying goods” until can now be as revenue source<sup>10)</sup>, which is the manifestation of an 80% potential market that has been neglected under an ecosystem with limitless marginal costs close to zero. The “fanboy” market is no longer just for only geeks.

In addition, the “inner globalization” of Japan has given rise to a new market. Many developing countries in Asia have achieved rapid economic growth. For Japan, which has a declining population due to the declining birthrate and aging population, the increase in tourists visiting Japan is a welcome boost to the economy. Fortunately, Japan is a very attractive destination, particularly for tourists from Asian countries, and the number of tourists has been steadily on the increase with successive waves of inbound tourists in the last few years<sup>11)</sup>. In addition, the full-scale operation of LCC (Low-Cost Carrier) airlines in pursuit of “low cost and value” in the Asian market also played a significant role in globalization and tourism travel in developing countries. By way of example, Ryan Air, the European based LCC has a larger market capitalisation than British Airways (by a factor of over 3). “Inner globalization” by tourists visiting Japan is beneficial not only from an economic benefits perspective, but also in enhancing the flexibility of rigid local markets by promoting diversity and flexibility of the market as overseas consumers usually have slightly different aspirations to those from the domestic market. Static rigid markets have a higher probability of being destroyed when faced with major change. It is also important to strengthen flexibility and elasticity to withstand major changes. “Inner globalization” is also important in the sense of adding to the flexibility and diversity of the Japanese

---

9) See “Long Tail” by Chris Anderson.

10) See “The Rise of the Internet of Things and the Shared Economy” by Jeremy Rifkin.

11) The number of foreign tourists visiting Japan in 2019 was the highest ever, but since the pandemic in 2020, this boom has subsided at once.

market. Thus, the changing market environment is a big factor in promoting the restructuring and revitalising individual enterprises offerings to consumers, both domestic and foreign.

## **(2) Changes in the competitive environment**

The second change which promotes the rethinking of corporate design is changes in the competitive environment itself. One of the significant influencing factors here is the shortening of the product life cycle, the rise and inevitable fall of competitive enterprises. In recent years, the speed of the one-time winners falling from grace and becoming losers in specific industries and business arenas has been shortened remarkably. Even enterprises that once held the top position in specific industries, regardless of their prestige when they were at the top, are now unlikely to remain as the No. 1 enterprise for long. In recent years, the length of time an enterprise spends as an industry “No. 1” has shortened dramatically.

The reign of the “Big Three” American companies of Ford, GM and Chrysler, that once dominated the automobile industry in the 20th century world is over. Ford Motor Co., which pioneered the production line process for cars globally is no longer going to manufacture cars anymore in North America from 2022 (having switched 100% to trucks and SUVs) whilst Toyota, Nissan and Subaru are manufacturing cars in the North American market. In this section we will consider the changes in the “market environment”, “technical environment”, “competitive environment”, and “institutional environment”, which are the main elements of the external environment surrounding the enterprise and examine their impact on enterprise performance.

Another good example of this phenomena is Kodak Co. founded in the USA on the 23<sup>rd</sup> of May 1892, which for decades reigned as the No. 1 globally in the photograph film market for many decades, which but filed for bankruptcy in 2012.

## Restructuring corporate design in periods of dynamic change

In the early 1980s, when PCs had just appeared on the market, many manufacturers looked up to the “Big Blue” (IBM). Around 1990, the PC market in Japan was completely dominated to by NEC whose business domain was “C&C (Computer & Communication). Similarly Daiei in Japan was a supermarket chain that reigned in the top place in the GMS industry in Japan, and Sharp sought new technology to enable it to differentiate itself from its competitors, Sharp was at that time was No. 1 globally in the liquid crystal business. Sony is yet another example, Sony was the No. 1 advanced TV manufacturer, that title now rests firmly in Samsung’s hands, the once, world famous Sony Trinitron, is no more.

Many of the corporate heroes of the 20th century were forced from the top of the table, some even disappearing from the market altogether, or changing their appearances dramatically. Their time at the top not lasting very long, O’Reilly C. A. and Tashman M.L., who authored “Lead and Disrupt”, said, “Five years ago, or even twenty, managers had the luxury of time. If they were slow to react to change, they would recover, this is no longer the case.”

In the internet era, the time to get to the No. 1 position in any sector can be very rapid, correspondingly the period that any enterprise stays at the top is also shortened and its decline can be very rapid. In this turbulent age entities must continually innovate both to attain and retain the No. 1 position. Since the challengers continually aspires to dethrone the champion, thus the battle to stay at the No. 1 slot is continual and relentless, and the time between each series challenge is being shortened as well. Yahoo! Japan, which had a major share of internet service in Japan and expanded the market as one of the leading figures in the Japanese market, but when Amazon and Rakuten Co. appeared, it lost its massive market share and fell to “also ran” status very swiftly. Mixi a major SNS company in Japan, gathered up to 10 million members in Japan also lost its share soon after Facebook appeared. Perhaps the best example in recent memory is that

of the mobile phone sector where Nokia, the Scandinavian giant, and the Canadian Company Blackberry Co. which both held the No. 1 spots for handheld devices for several years have now almost completely disappeared.

Another factor that is prompting the change in the competitive environment is the acceleration towards the borderless economy and globalization of corporate activities. In recent years, the globalization and “inner globalization” of the domestic market has progressed very rapidly in Japan, and competition with foreign entrant companies has intensified in the Japanese market. Previously this competition was limited to western global enterprises, but now in addition to these western brands, there is a wide range of Asian entrants, particularly from China and Korea. Although with the bursting of the bubble economy, Japanese people are not as comparatively affluent as they once were, there are still more than 120 million wealthy consumers in Japan. More than that, since the newcomer’s business culture, rules and competitive behavior is very different to the apparent more “gentlemanly polite” behavior of Japanese companies, where honor is very important to each other, these new entrants can be quite cut-throat, have no qualms about breaching local business norms and local companies consequently can be attacked quite viciously. For example, the Chinese company Heir Co., which became the world’s largest home appliance manufacturer, was a state-owned manufacturer of small refrigerator production, but when it partnered with Sanyo Electric Co., it used Sanyo to transform itself into a full line manufacturer of home appliances to the extent where it now dwarfs its competitor. Hyundai cars from Korea is similarly a good example, Hyundai bought the rights to the “old” Mitsubishi Pajero whilst Mitsubishi Motors went on to build a new model. At that time Mitsubishi Motors cars would never consider Hyundai as an equal or a potential future competitor on the same footing, now however, Hyundai cars produces far more cars globally than Mitsubishi Motors, which has been pushed

down the league table of global car producers quite rapidly. In this case, the student exceeded the expectations of the master in the relationship, and quite rapidly changed positions, one suspects with hindsight Mitsubishi Motors would not have partnered with Hyundai if they knew how much Mitsubishi Motors was contributing to Hyundai's rise and Mitsubishi Motors's own comparative fall.

In addition, there are many newcomers who had broken into new markets from completely different business fields. And the competitors break in the business field with the weapon and they fight with different strategies. For example, who would have considered that Toyota would compete with Google? Who would have imagined that Amazon would provide a network system to governments as a giant platform enterprise? Who 10 years ago would have imagined that NTT, as the descendants of the governmental corporation<sup>12)</sup>, which monopolized the telegraph and telephone business in Japan, would compete directly with Amazon?<sup>13)</sup> Industries and businesses which were not related to each other and were not competitors previously are able to reach across into other markets and mount competitive attacks. This certainly marks a major change in enterprises behavior.

Moreover, it is not uncommon for “yesterday's allies to become today's enemies.” And vice versa (witness BMW's and Toyota's co-operation on the Toyota Supra and BMW Z4, where they share the same engine or Nissan (Rogue in North America) and Mitsubishi (Outlander in North America) where they use the same engine and drivetrain (bought in by Mitsubishi from Nissan). As the innovation of information technology and the globalization of corporate activities progress rapidly, a struggle develops in the border regions where the boundary between

---

12) Nippon Telegraph and Telephone Public Corporation (Denden Public Corporation) was a special corporation privatized in 1985 and monopolized the telegraph and telephone business of Nippon Telegraph and Telephone.

13) As a result of this, NTT will take NTT Docomo as a wholly owned subsidiary by the end of 2021 and strengthen its competitiveness.

industries is no longer clear. By way of example, who would have thought that British supermarkets would compete directly with British Banks, even though the British economy is one of the most over banked in the world? Yet this entry for the supermarkets makes perfect sense, Marks and Spencer's entering the foreign exchange business, having foreign exchange kiosks in every store is a logical extension of their business. In so doing they enter a new business domain, now with Marks and Spencer's branded credit cards, loans etc. Another example is Hon-Hai Co., a Taiwanese EMS company that is a producer of iPhones and iPads, it is also ready to change from a manufacturing subcontractor to a specialized manufacturer by acquiring Sharp the liquid crystal manufacturer. It is possible that Hong-Hai may become one of Apple's greatest competitors, such is the borderless business environment in which enterprises now operate.

Askul whose parent company Plus Co. was a stationery manufacturer and which has now transitioned to be a mail order stationery supplier is one such example<sup>14)</sup>. At the time when Askul entered the stationery mail order market, people in the parent company considered that the business decision showed a "lack of common sense" because of selling products of other stationery manufactures would clearly cannibalize sales. Some insiders considered it to be a betrayal of their customers, the stationery stores, to whom customers were very loyal. However, Askul's business model was elaborate, and it solved both problems. The "agent system", which was initially necessary to satisfy both parties, had already become necessary. Now, Askul is currently changing its strategy, because it is now under Z Holding Co. which is one of the biggest net sales groups in Japan.

In this way, fundamental changes in the competitive environment are driving a change in corporate design. In that sense, many successful Japanese companies

---

14) Asukl in Japanese means "everything will be delivered on a next day".

will possibly will be easy prey for new comers, because many Japanese companies which have been in the top positions for many years may become complacent in their success and fail to innovate and stay ahead of their challengers.

### **(3) Changes in the technological environment**

The third factor is technological environment.

Digital technology, which has evolved exponentially since the mid-1980s, has rapidly developed by greatly improving the integration and processing speed of semiconductors, which are its core building blocks. As a direct result of the price of electronic equipment decreasing substantially and the subsequent commoditization of PCs and the spread of the Internet, a full-fledged “net society” has now arrived. The range of B2B trading has expanded significantly, and in parallel with this, productivity has also greatly improved.

In B2C trading, the consumer market has been transformed by enterprises embracing one-to-one marketing and the dramatic expansion of the e-commerce market. Not only has C2C trading also increased, but additionally, SNS changed the means, methods and contents of human-to-human interactions and has transformed consumers from receivers of information to active users and in some cases, even transforming them into service providers. The daily life of consumers has clearly changed rapidly in the latter half of the 20th century, facilitated by the change of technology from analog to digital technology. It is not only technological innovations in the field that are transforming social structure and industrial structure. For example, innovations in the biotechnology field, are raising potentially dramatic changes in the agriculture industry, the advent of genetically engineered food such as beef becoming a reality. Branded beef, branded pork, and even branded fish are becoming very popular. In addition, many diseases are eradicated by new discoveries and technological developments in the

medical field and many lives are saved. From an environmental perspective, the sustainability of the earth is now of grave concern and many of these environmental challenges can be solved, but doing so without dramatically affecting the economies of the world can only be effected if there is a complete revolution in energy production. Not only this, but innovations in science and technology are going to be key to us maintaining our comfortable affluent lives into the future.

However, no matter how good a scientist is, they cannot know the complete spectrum of developments across the whole of technology. Thus, a company whose technological advantage is based on technology from 2010 will have to understand the industries “technology trajectory” in terms of understanding what direction the technology in the field is going and what “breakthroughs” are likely and possible. For it is not possible for an enterprise to respond effectively to change without understanding the trajectory of the main technology the enterprise uses, where is it now, where is it going and where is it going to be in 5, 10 and 20 years’ time?

It is important, not only for the technology trajectory, but also for the business to understand how fast this technological change is spreading in the marketplace. For as Jack Welch opined “If the rate of change on the outside, exceeds the rate of change on the inside, the end is near.<sup>15)</sup>” It took about 80 years for automobiles to spread to about 50% of global consumers. The automobile industry which established the mass production system in the United States spread in the U.S. market and established the industry, and then spread into the European market<sup>16)</sup>. Subsequently, Japanese manufacturers introduced the lean production system

---

15) Straight from the Gut, by Jack Welch and John A. Byrne (2001). New York: Warner Business Books.

16) See Raymond Vernon, “Storm over the Multiples the reality issues”, Harvard University Press, 1977



which enables the high-mix low-volume production. Over time, as the market of developing countries in Asia developed, Japanese companies collectively supplied more than half of the world's automobile market in the 1980s. Thus, automobiles became popular in the world market, but until 1980s automobile penetration rate was only around 50% in the world.

This speed of adoption of new technologies is clearly increasing, e.g., it took 20 years from when mobile phones first appeared in the general market before it spread to about 80% of the world market<sup>17)</sup>, and it took 20 years for the uptake of the Internet to raise to 90% in Japan. The smartphone released in the USA in 2007 has become a global phenomenon in 5 years. This might partially be because the price of these products and services is somewhat cheaper than that of automobiles. However, this is also a testament to the transformation of the world from a “gradual advance society” to a society which has an increasing fast adoption life cycle for new technology and products. For example, the mobile phone manufacturer Nokia Co. of Norway which at one time was the world's No. 1, lost its lead very swiftly as other global competitors such as Apple and Samsung entered the marketplace. Nagaoka Co. of Japan, which was the world's largest record stylus manufacturer in the latter half of the 1980s, also lost its lead by rapid expansion and adoption of new technology beyond its expectations, the CD market<sup>18)</sup>.

In addition to the changing speed of technological trajectory, it is important to consider the detailed adoption pattern of the of the new technology in the marketplace. In this way, changes in the technological environment are driving

---

17) See 2019 release of the International Telecommunication Union (ITU).

18) Yamagata Nagaoka took over part of the company's business after dissolution. In 1999, the company name was changed to Nagaoka Co., Ltd. By the way, the popularity of analog records has been recovering since around 2010, and the production of record needles is increasing.

changes corporate design and adoption of new technologies.

#### **(4) Changes in the institutional environment**

The fourth factor is the change of the institutional environment.

Enterprises in Japan operate in an environment governed by law, regulations, specific business customs and practices, within a Japanese organisational and societal culture etc., which are major enablers and at the same time, constraints in behavior. While enterprises cannot ignore laws and regulations, deregulation often increases business opportunities<sup>19)</sup>. Looking back at deregulation over the past 50 years, many of these deregulation drives have succeeded in their goal of deregulating and opening a particular sector of an economy.

For example, in the mid-1990s, Japan's financial markets were forced to open due to pressure by foreign banks and foreign governments. The Japanese government was unable to avoid a Japanese "big bang" in the financial markets, thus the financial sector was opened to foreign financial institutions that previously had not been allowed to trade in Japan. As a result, many new globally competitive banks entered the Japanese financial sector. Japanese financial institutions, which had had large amounts of nonperforming loans since the bursting of the bubble, were a good target for Kurofunne<sup>20)</sup>. As a result, Japanese financial institutions were forced to choose a combination of equity measures, regardless of their size and comparative financial strength. Previously banks had been related directly to their own Zaibatsu trading group, post Japanese big bang, three Japanese megabanks have emerged which do business on a nationwide scale, being

---

19) According to estimates by the Cabinet Office, the economic effect of regulatory reform since the 1990s in fiscal 2005 was about 18,345.2 billion yen.

20) "Kurofunne" in Japanese means foreign invaders. "Kuro" means black and "Funne" means ship. Color of American steamships which came to Yokohama Japan at first were black.

Mitsubishi UFJ Bank, Sumitomo Mitsui Banking Corporation, and Mizuho Bank.

Regardless as to whether it was good or bad, the unraveling of the traditional Japanese financial system has had an impact on the whole Japanese economy. The old industrial structure before the bursting of the bubble economy, which had been formed with Zaibatsu banks at the top, was forced to restructure by reforming and integrating financial institutions. In the Zaibatsu system, Zaibatsu group entities had multiple cross shareholdings and thus this strengthened the ties between the enterprises, thereby increasing profit opportunities. Post big bang, these Zaibatsu structures were dissolved. This had the impact of significantly changing the position of shareholders in the reformed enterprises. Previously silent and powerless, shareholders began to exert power as true owners of the company. This has raised the standard of corporate governance and caused the revision of the Companies Act in Japan.

The introduction of international financial reporting standards (IFRS) has also had a significant impact on corporate activities<sup>21)</sup>. Japan was forced to adopt IFRS, if it had not done so, international financing opportunities regarding access to the international capital markets would not be open to Japanese corporations.

On the other hand, deregulation which required a complete change in systems which had powered economic society of postwar Japan has been embraced by the private sector under the banner of revitalizing the private sector across the whole of Japan. Since the Meiji Restoration, postal services had been monopolized by the Japanese government, these were privatized in 2005, thus postal services which had previously been developed uniformly nationwide, now opened to private companies. It was a big business opportunity for couriers who had already built an

---

21) At present, the accounting standards required in Japan are the Japanese version of Japanese Accounting Standards, U. S. Accounting Standards, and International Accounting Standards.

effective logistics network throughout the country. As a result, Yamato transport which was exposed to price competition and was forced to withdraw from the postal business early on. However, the success of Yamato's courier service business until then was the result of many changes in the deregulation of transportation, because prior to this the regulation of the transportation business in Japan had been very strict. To expand its courier service business to the whole of Japan, the company had to fight the regulators to remove many levels of restrictions.

However, it is also true that deregulation was not the only event bringing change. Environmental regulations and the Protection of Personal Information Act also brought significant change. And, with these changes, the opening of different sectors of the economy and significant changes in other areas of the economy, these winds of change brought challenges and opportunities.

In addition, as industry and legal regulations changed, so did the corporate culture in Japan, particularly regarding the environment and what was considered "ethical behavior", bringing new standards and norms of behaviour. Now, interest in corporate social responsibility (CSR) has increased significantly, and companies that do not address these important societal changes and trends are unlikely to thrive and prosper. In addition to considering global norms, heightened consideration needs to be given to all stakeholders than was previously the practice. Similarly, as regulations and corporate governance has improved, so the introduction of the Whistleblower Protection Act was seen as strengthening regulations related to corporate governance, ethics and integrity.

As business entities venture overseas and operate in different regions so they must adapt to the legal systems, business customers and norms there. In some cases, these required changes can lead to fundamental changes in corporate design.

## 2. Corporate internal systems

As we have indicated, the external environment that enterprises operate in is undergoing constant change, and the changing ebbs and tides of the environment in which an entity operates cannot be ignored. The entity must stay abreast of these changes and understand how they will affect the entity both directly and indirectly.

We will now examine the three elements that make up the internal systems of the enterprise that enable it to adapt to its changing environment, business design, management design, and governance design.

### **(1) Business design**

Business design is the first element of corporate design, and it is the operating mechanism for generating profits. Business design is the mechanism by which companies generate profits and refers to the basic direction that the business is following and the market that it is operating in to realize its potential and thrive. Thus, business design is the entities' internal structure and methodology that creates, generates, and sustains profit.

Therefore, it becomes a critical element of business design to build a competitive advantage by strengthening the existing business by for example launching a new business, or expanding overseas even when the main market was previously the local market. In order to achieve this, a key question then becomes, what kind of decision-making mechanisms will the entity employ? What kind of technologies and resources should it use to build business and profit centers, what kind of value chain will it use to transform and realize its goals? What kind of resources and staff does it need to acquire to strengthen its goal and build its competitive advantage? These are all key to the purpose of the business in examining its structure and design.

Since the mechanism for generating profit depends on the external

environment of the enterprise, it is vital that the entity understands and monitors any changes in this key area. The entity needs to understand changes in the business environment from a variety of perspectives, such as what the economic data suggests the consumer and market trends are, how changes in technology are affecting the market and consumers, what is the speed of the market in terms of adoption, customers upgrading etc.

## **(2) Management design**

The second element of corporate design is “management design”. It is related with how to construct the organization and how to operate its management systems.

The ultimate goal of an enterprise is long-term survival, because the enterprise is “going concern”. For enterprises to achieve their ultimate goals, they need to utilize the management resources effectively and they have efficiently to create value. Therefore, a key point of management design is to establish how the entities members operate and build corporate policies and culture such as corporate philosophy, vision, and strategy, what organizational structure is used to place and utilize people, and how to manage the members who make up the organization, increase motivation, and strengthen their abilities? Maintaining conformity between the management design and the business design that enables the generation of the entity’s profits, are vital for its survival and longevity.

It is not difficult to understand that any mismatch between business design and management design can have a major impact on the performance of any enterprise. In the 1980s, when Japanese products were sweeping the world market with high quality and low-priced products, Japanese management with lifetime employment and seniority at the core supported a business design which enabled economic growth led by exports. Japanese management was the optimal management design

## Restructuring corporate design in periods of dynamic change

for Japanese companies at that time. After the bursting of the bubble economy, many of the declining Japanese companies tried to restructure their business designs. However, as the management situation changed dramatically, the relationship between business design and management design, which had been changing sharply, became even more disconnected. The changing business environment meant Japanese entities no longer had the funds needed to fulfil lifetime employment obligations. At that time, many enterprises challenged the redesign of the business. However, except for a few, most entities were unable to succeed in this transformation. The difficulty of such a transformation should not be underestimated, Nissan had to go to a foreign national (Carlos Ghosn) to effect its own transformation, with mixed success.

After any period of dramatic change, the relationship between the new business design and the management design needs to be re-evaluated. This was true after the bursting of the bubble economy and it is true now, with our “new normal” pandemic environment. The one thing we can say with certainty is that it is going to become an extremely important and difficult choice for the Japanese economy and Japanese companies in the future.

### **(3) Governance design**

The third element of corporate design is “governance design” related to corporate governance. Until now, many Japanese companies have been paying attention to only a few of their stakeholders on a regular basis. Banks that were creditors were considered more important than shareholders, whilst other stakeholders like employees, managers and company owners were often given a lower priority. Whilst the company concentrated on providing products and services, it was common practice to deal with other stakeholder issues after they surfaced, rather than being pro-active. Thus, for example, not paying great interest

to the environmental impact caused by the company's products and services and acts contrary to "good corporate ethics". As interest in corporate governance increased, the relationship with various stakeholders has become more of a priority. Whether or not it has an impact on customer satisfaction (CS), management now needs to conduct itself to enhance total corporate value, product design and production activities. Considering the impact on environment and recycling, employee satisfaction (ES) and thus the relationship with all stakeholders must be increasingly considered. This point was discussed in the previous section, so we will only briefly touch on this point here.

Either way, in a changing business environment, business, management, and governance are required to be fully integrated so they interact seamlessly and synergistically.

### Ⅲ. What is the restructuring corporate design?

One lever of change, is to make the whole structure fit without contradiction between the external environment in which the internal system of the enterprise interacts and the internal system of the enterprise, which is composed of business structure, organizational management system, organizational climate and culture, corporate governance structure, etc. Then the decision can be made as to whether changes can be made to the external environment, to change the internal system, or to change both. However, in order to change the structure of the external environment itself, in effect to change the corporate design, it is possible to spend a huge amount of time and energy<sup>22)</sup>. In other words, the choice of the enterprise

---

22) In business administration, "creation of the market" is often said, but the number of companies succeeding in it does not exist by any means. And it is pointed out that the profit obtained from the innovation is not large, and the concept of the re-invention is raised. Just as Schumpeter, who raised the concept of innovation, points out innovation as a "new combination", the possibility of industry without it is small.



structure is inevitably impacted by the nature and speed of the transformation of the internal system.

## 1. Shifting strategic thinking and management logic

In order to transform corporate design and realize corporate evolution, it is necessary to challenge the existing strategic thinking and adapt to changes in the external environment and transform management's decision making to enable them to thrive in the new business environment.

### (1) Changing strategic thinking

“Changing strategic thinking” is to transform an entities overall modus operandi, which is the basis of corporate strategy, in-order to respond to the changed circumstances, be they market or technological in nature. In the industrial society of Japan in the 20th century, an “industrialized society”, “economies of scale” based on mass production and mass sales, “economies of scope” focusing on utilization of unused resources and by-products produced by developing multiple businesses, and “side-by-side competition” and “homogeneous competition” competing for a share in the same market as other competitor companies was the basis of the strategic approach of enterprises. In other words, it was considered that the primary method to succeed over your competitor was in the pursuit of “economies of scale” or “economies of scope”. However, as the market environment, competitive environment, technological environment, and system, etc. change, it has become difficult to continuously develop businesses as previously in the pursuit of scale and scope. Consequently, some entities have come to reject conventional models and consider the business from a completely different perspective<sup>36)</sup>, which very much represents a “Paradigm shift” in business.

However, even if a high priority is placed on corporate innovation, it is not possible to remodel all existing management resources or processes or possible to interrupt serving consumers whilst the business is in operation.

What can an executive of a business in a competitive environment do when faced with a fundamental paradigm shift in a marketplace? How can they view the business from a different perspective, changing fundamentally the way they think and operate? The more successful an entity is, the more reluctant it will be to interfere with the formula that has led to its success. And the bigger the success of an entity, the stronger the tendency to be risk averse and embrace the status quo. Consider for example the Swiss watch industry vs Seiko's dramatic rise because of Seiko embracing liquid crystal display technology or the traditional car manufacturers using primarily the ICE (Internal Combustion Engine) to power their vehicles v Tesla. However, wise entities continually transform and seek to create an "economy of speed" which is affected by continually anticipating and staying ahead of the market. This is created by being prepared to move away from previous models of business and embracing new paradigms.

To appreciate the nature of creating new economic value, we need to consider issues such as the "sharing economy"<sup>23)</sup> or "free economy"<sup>24)</sup>, in which value is created by providing services without necessarily receiving monetary consideration from the person receiving the service. Changing the nature of the traditional consumer supplier relationship allows the rebuilding and restructuring to a completely different relationship with the customer. This can lead to a complete change in the nature and a superior competitive advantage, compared to competitors, one which they will not be able to replicate easily, particularly in environments which are changing rapidly. If an entity can do this and pivot and

---

23) See "Free" by Chris Anderson.

24) See "Share" by Chris Anderson.

change, the question arises as to whether it can do so without fundamentally changing the business itself or replacing all management resources? If it is agile and open to change, it may be able to do this effectively, whereas a more competitive bureaucratic based competitor, may not. Such a paradigm shift will enable a business to evolve in a new direction by developing a new way to build long lasting relationships with customers.

## **(2) Transforming management logic**

To effect such a transformation in a business to literally achieve a “change in strategic thinking”, the organizational management system that supports and maintains them must also be transformed.

It is about the transformation of the internal system of the enterprise. In order to achieve this, it is necessary to change the logic of management of the internal system, which has been supported by all in the entity previously and it must be remembered that is the reason for the entities success achieved thus far. So, to change it fundamentally, requires significant effort. To make such a change effectively, the entity must review and understand its core competencies and its business domain extremely well. If it does so well, it is possible to reinvent the customer value proposition and the customer value chain of the entity’s main business. It needs to be done carefully and thoughtfully, but if done well, it can dramatically improve the entities performance and improve the motivation of members by transforming the underlying culture and climate of the entity.

The division of labour has long been considered one of the cornerstones of a successful business entity. As effective as the division of labour is, many consider the opportunities by embracing ICT successfully exceed the benefits of ICT. The pyramidal bureaucracy structure which has been the fundamental organizational structure for decades is also questioned by ICT. In losing the chains of the division

of labour dictum, a whole range of possibilities becomes possible.

In addition, “Wa<sup>25)</sup>”, which has long been considered as a source of strength for Japanese businesses, can also act at a barrier to creativity under certain conditions. If an executive has been bound by Wa all his/her business life, it is very difficult to break out of this way of thinking and re-invent an alternative creative process. The development of alternative markets that prioritize different choices, even contradictory to Wa, such as in the individual’s choice vs that of the collective opinion’s choice would allow the introduction of a completely different customer value chain. Entities operating under such a model would clearly have a different relationship with the consumer and be in a position to offer completely different goods and services to those operating under the Wa philosophy. A widely attributed quote to Einstein comes to mind, “Insanity is to do the same thing and expect a different result” and highlights that a new type of thinking is required in order to develop a different business paradigm, and this can be difficult for those executives who have spent their careers in one particular of paradigm. To challenge a business logic which you as an executive have grown up with and indeed, have relied on this business logic as the reason for your success, that is a very difficult personal transformation for any executive to perform. In a market which prioritizes the selection of the best executive for the job, and the success of the executive being due to his or her ability to use the current paradigm effectively, it is unlikely to be the executive skilled in the current paradigm that will develop the next revolution or paradigm. Although one must consider that knowing one paradigm well, and therefore knowing it’s weaknesses, can allow an executive to consider alternative way of doing things. This thus illustrates the challenge with Wa, for to invent the new philosophy that follows Wa, one must criticise it, which

---

25) “Wa” in Japanese means team play and collaboration.

is against the principles of Wa, thus illustrating the dilemma in thinking required to develop new paradigms.

## 2. Explore inconsistencies and dissolve them with Aufheben thinking

Based on our discussions thus far, what is required is for a business entity which can achieve an evolution of its corporate design, to figure how to integrate the existing corporate design with that proposed. In other words, will it be able to realize and attain the new vision of the organisation whilst transitioning from its existing state, without disadvantaging or even breaking the existing business? Thus, it is easier for Amazon to operate in the online environment than Walmart, as Walmart has to cannibalize its existing business and needs a completely different way of thinking from its executives when considering “bricks and mortar” stores v on-line retail.

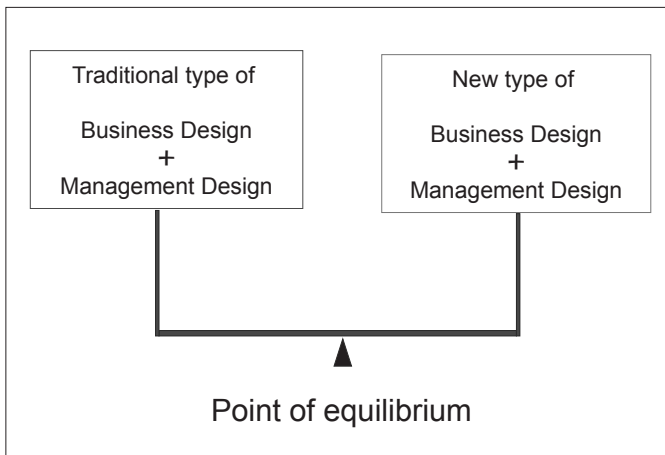
To summarize, to maintain an existing business successfully, whilst transitioning in a completely new business domain and doing so whilst ensuring the continued success of both entities in each domain is extremely difficult. To maintain growth and profitability in the old domain, whilst the entity in the new business domain is beyond most of today’s executive’s ability. And even if they succeed once, can they do so again and again as the pace of change accelerates and the need for more and more paradigm shifts becomes apparent. One solution to this challenge may well be that in reexamining corporate design, a corporation should be remodeling itself in such a way as to permit and facilitate multiple strategic directions.

As illustrated in Figure-2, business design under paradigms such as “economies of scale”, “economies of scope”, “homogeneous competition”, and “supply side” is an old corporate paradigm that matches the management design stipulated in “division of labor”, “the hierarchical organization”, “emphasis on

similarity”, and “scale and profit”. On the other hand, new business designs which operate under the paradigms of “economics of speed”, “economy of connection”, “economy of sharing, free economy”, “competition under different rules”, and “demand side” can be seen as a completely different type of corporate design that matches the management structures defined in “fusion”, “elastic and multi-level organization”, “acceptance of heterogeneity” and “fun and creativity”.

An enterprise that initiates change, might choose to adapt to the environment by breaking away from the previous strategic direction and changing its management logic as much as possible. In other words, to balance the objects at the poles such as “type A” and “type B” shown in Figure-2, the easiest solution is to find the “point of equilibrium”. However, this may not solve anything, and indeed, it may compound the problem, as the entity is neither operating under a new paradigm or the old. So, both old customers and potential new customers may not be served well. Whilst in politics choosing the “point of equilibrium” might lead to success, this may not be the case when considering an entities strategic

Figure-2 Single pole consideration



purpose. For management to try and navigate two different directions with the same staff and resources might not be a recipe for success. It is possible to get from Tokyo to Osaka by many routes, but it is not possible to travel two alternate routes simultaneously without addressing the issue of additional resources or technologies.

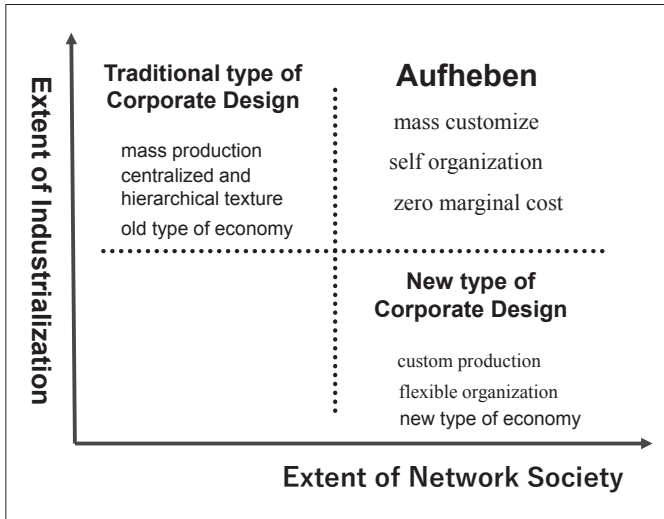
Because the business environment is constantly changing, even if we can overcome the challenges of effecting temporary change, we will face another challenge shortly thereafter as continuous change is now the norm and indeed it is accelerating. Simply comprising the concepts at the edges will not solve the problem. This is because if change is required, then satisficing rather than undergoing fundamental change to address the issue, will not address the “root cause” of why change is needed in the first place and is therefore unlikely to succeed and deliver the desired change results.

When examining the relationship between new business creation and management, Christensen C. points out in the “The Dilemma of Innovation”, that, “It is good if it is an extension of existing technology, but in the case of destructive technology, it is rather fatal to let the main business absorb it”. What we can interpret from this is that sustainable innovation is progressive, and its relative technological trajectory and market penetration can be predicted however, such types of corporate design are unable to respond to disruptive innovations. In other words, it is difficult to integrate “type A” and “type B” into a single-axis framework, you can have analogue technology or digital technology, but combining both in one seamless system to gain synergy is almost impossible. By way of example, many influential car magazines and websites (autoblog.com, Car and driver magazine, Autocar magazine) whilst extolling the virtues of the large central display to control multiple functions on the vehicle as pioneered by Tesla, wrote at length demanding that vehicles re introduce certain analogue controls, e.g. Honda

timberline in the USA, where the call to have an old fashioned analogue volume control for the radio reached such a crescendo, that Honda had to relent and introduce this from the 2021 model year, having previously deleted it.

The main theme of this paper, when considering corporate design, is not that either type A or type B should be selected. An important point in the transformation of corporate design is not to contradict the corporate design of type A or the corporate design of type B, but to find and remove the contradictions that exist between them, that is, to look at the unstoppable elimination of contradictions. For example, in search of economies of scale and scope, corporate actions to gain maximum benefit from them are considered as being “highly industrialized”. It is assumed that corporate behavior adapts to the individual needs of the market and increases added value, and the type of corporate behavior which realizes it is “highly informationized”. It is not difficult to try to restructure the corporation by fulfilling only the conditions of the former and only the latter

Figure-3 Essence of restructuring corporate design





conditions. In this phase, “degree of industrialization” and “degree of informationization” are positioned at either ends of one axis. However, it is not possible for a company to choose an activity that ignores the conditions that make up industrialization. The realization of economies of scale and scope are therefore indispensable for any enterprise.

Then, what the enterprise needs to do is not to position “degree of industrialization” and “degree of informationization” at opposite ends, but to consider each as a different axis. By doing so, “customization” will be replaced with “mass customization”, and self-organization that changes according to the situation will be achieved. Of course, it is not easy to identify real world examples of this. But this does lead us to understand that what we should do is identify the root cause of the largest underlying problems that the enterprise has and seek a business strategy which effectively addresses it.

#### **IV. Finding and solving the contradictions**

“Lead and Disrupt” by Professor O’Reilly of Stanford University and Professor Tashman of Harvard Business School published in 2016 attracted great interest, and that research was spreading in various ways. The Japanese version was translated and published in 2019, and when reading “Lead and Disrupt” the proverb suggesting that a strategy of “chasing two rabbits opens up the future” was especially attractive<sup>26)</sup>.

Most academic scholars believe that “Business administration is extremely interdisciplinary”. However, business administration is more mystery than “ology”. There are countless variables related to management and, given such a wide-ranging dynamic range of variables (some interdependent, some not) predicting the

---

26) “Lead and Disrupt”, Charles A. O’Reilly & Michael L. Tashman,

outcome is difficult, if not impossible. Thus, it leads us to question whether management “science” is able to help clarify and predict success in corporate management or perhaps it is the “art of management” or a combination of the two. However, if we were able to solve contradictions that the enterprises face, this would be a major achievement.

We have acknowledged that many Japanese companies have experienced hardships during the long approximately 30 year economic downturn of the Heisei era. However, by contrast some Japanese companies were in fact able to achieve growth during that era. In Japan, there are many entrepreneurs and companies that have realized growth despite strong headwinds and were able to thrive and prosper. In this paper, we have discussed the reasons for the difference in corporate performance by associating it with the concept of “corporate design”. This paper considers the changes that have been ongoing in society and business entities during these periods of change.

One of the conclusions as a result of this analysis is that traditional corporate design and corporate design, which has been redesigned throughout the Heisei era, should not be positioned as one axis or the other, but should be viewed as dualistic, each of which exists on an alternative axis.

For example, in 1960-1990, late in the Showa era, Japanese management carried the Japanese economy to the top of the world, and people at that time enjoyed the riches of those days. The Showa era after the war was an unprecedented period of success for Japanese companies. The corporate design of the period matched the business environment well. However, as soon as the Heisei era arrived, a long-term recession hit Japanese companies. And under the various pressure of the huge environmental change, such as “it is a global business”, “it is a global standard”, “it is an IT revolution and ICT”, “it was informatization”, “it is gender” and “it is the new normal”, Japanese companies have been forced to

rethink their corporate design.

Fortunately, or unfortunately, the corporate structure redesigned today has no small remnants from the Showa era. For example, even in recent years, seniority factors still remain in the performance-based wage system of Japanese companies, and there are also remains of a number of particularly obsolete Japanese style HR management characteristics in organizational management systems and corporate culture throughout Japan, e.g., “Wa”. That’s not to say it is a problem, nor is it a negative translation of the results it produces.

Organizational inertia can exist in either situation. However, it can be said that there was a problem only in the context of continuing the process of attempting the integration of the polar adjustment aiming at the “point of equilibrium” of one axis, that is, the process of searching for the goal of the redesign of the corporate design. The process of redesign stopped trying to balance the two ideas placed on the other end of one axis.

For example, globalization has been recognized as a market reality since the end of the 1980s, Goshal G. and Bartlett C. proposed a new concept, the “transnational enterprise”. The characteristics of the transnational enterprise, also referred to as the “glocal-company model”, is that it is derived from two contradictory concepts of efficiency and adaptability and realizes them both concurrently. That is, in order to eliminate the contradiction and not to position on the one side or the other, but to solve the problem by positioning each one of these factors on a different axis. In short, the problem is solved by simultaneously realizing “high efficiency and high adaptability” by thinking as “efficiency = globalization, adaptability = localization” (see Figure-5)<sup>27)</sup>.

From a similar perspective, “Lead and Disrupt” raises the issue of solving

---

27) See “Manufacturing a cross borders” by Bartlett Christopher A. & Ghoshal Sumantra., The transnational solution.”, President Fingers of Harvard College, 1989

Figure 5 Concept of Transnational Enterprises

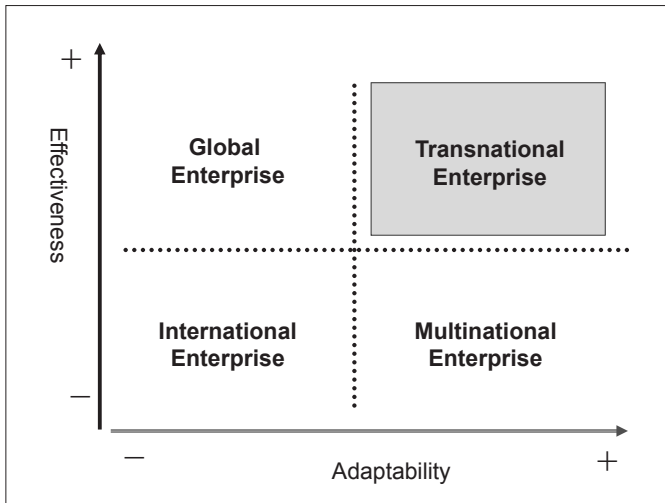
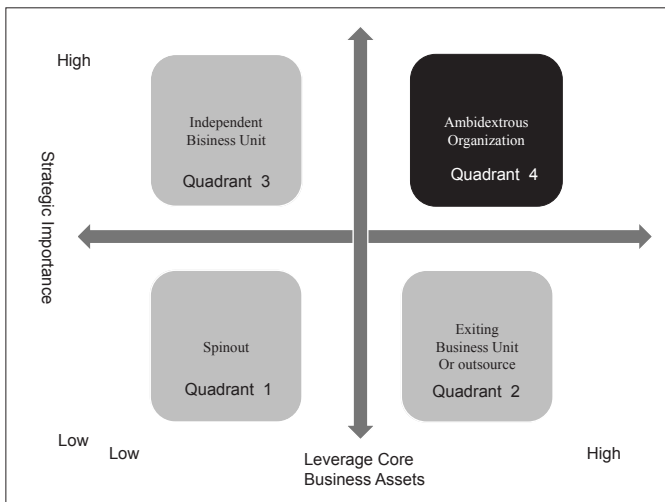


Chart-5 Lead and Disrupt



Source Created from "Lead and Disrupt" p. 286

## Restructuring corporate design in periods of dynamic change

problems based on two axes of “deepening and exploration” as an element to achieving corporate evolution in disruptive innovations that have the power to create exponential change.

One of the most important challenges in the modern era will be to restructure corporate design to establish the root causes of problems faced by enterprises and rapidly transform. Once the root cause is established, the main opposing factors which are opposite sides on one axis must be examined for, as we showed in this section, it is a contradiction in the problem of corporate design. Then we must work to resolve the contradictions. In other words, the essence of restructuring the corporate design is to dissolve due to aufheben (sublating) thinking. This is a critical measure to restructure corporate design.

### The main reference

- (1) Anderson Chris, “Long Tail”, Hyperion Books, 2006
- (2) Bartlett Christopher A. & Ghoshal Sumantra, “MANUFACTURING A CROSS BORDERS”, President Fingers of Harvard College, 1989,
- (3) Bergson Henri-Louis, “L’Evolution Creatrix”, 1907
- (4) Botsman, R., Rogers, R., “What’s Mine Is Yours: How Collaborative Consumption is Changing the Way We Live”, 2010
- (5) Christensen Clayton M., “Disruptive Technologies Changing the Waves”, Harvard Business Review, 2011
- (6) Friedman Thomas L., “The World Is Flat: A Brief History of the Twenty-first Century Further Updated and Expanded Edition”, International Creative Management, 2005,
- (7) Hamel Gary & Prahalad C. K., “MEETING FOR THE FUTURE”, Harvard Business School Press, 1994
- (8) Hammer Michael & Champy James, “REENGINEERING THE CORPORATION A Manifesto for Business Revolution”, Linda Michaels Retailry Agency, 1993
- (9) Harari Y. N., “SAPIENCE: A Brief History of Humankind”, Kinneret, Zmora-Bitan, Dvir, 2011
- (10) Imanishi Kinji, “What Is Evolution”, Kodansha Academic Library, 1976 (in

Japanese)

- (11) Iwasaki Naoto, “Restructuring Corporate Design”, Hakutoshobo, 2012 (in Japanese)
- (12) Iwasaki Naoto & Kanda Makoto, “Understanding Management”, JMAM, 2005 (in Japanese)
- (13) Kirkpatrick David, “The Facebook Effect”, Teri Tobias Agency, 2010
- (14) Thomas S. Kuhn, “THE STRUCURE OF SCIENTIFIC REVOLUTIONS”, The University of Chicago Press, 1962
- (15) Kurzweil Ray, “THE SINGULARITY IS NEAR: When Humans Transcend Ology”, Loretta Barrett Books, 2005
- (16) Moore Geoffrey A., “LIVING ON THE FAULT LINE”, James Levine Communications, Inc., 2000
- (17) Perry Lee Tom, “OFFENSIVE STRATEGY”, Harper Business, Division of Haper Collins Publishers, Inc., 1990
- (18) Rifkin Jeremy, “THE ZERO MANAGINAL COST SOCIETY: THE INTERNET OF THINGS AND THE RISE OF THE SHARING ECONOMY”, Einstein Thompson Agency, 2015
- (19) Saito Kazuki, “Conditions for Companies and People To Survive in the Age of Singularity business AI”, Gentosha Shinsho, 2017 (in Japanese)
- (20) Teramoto Yoshiya & Iwasaki Naoto, “Business Model Revolution First Edition”, Seisansei Shuppan, 2000 (in Japanese)
- (21) Teramoto Yoshiya & Iwasaki Naoto, New Management Strategy, Gabunsha, 2014 (in Japanese)
- (22) Teramoto Yoshiya, Iwasaki Naoto & Kondo Masahiro, “Business Model Revolution, Second Edition”, Seisansei Shuppan, 2007 (in Japanese)
- (23) Teramoto Yoshiya, Iwasaki Naoto & Kondo Masahiro, “Business Model Revolution Third Edition”, Seisansei Shuppan, 2011 (in Japanese)
- (24) Toffler Alvin, “Previews & premises”, Curtis Brown, Ltd., 1983
- (25) Vernon Raymond, “STORM OVER THE MULTIPLES THE REALITY ISSUES”, Harvard University Press, 1977

This article is the second of four articles by Dr Gannon and Professor Iwasaki and builds on the original ideas by Professor Iwasaki in “Essence of redesigning corporate design”, in Seijo Economics No. 232, March, 2021.