



# Japanese Creative Services on Open Model Initiative

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# Top 50 World-Wide Innovative Companies

2009 Rank	Company	HQ Country	Known for its Most Innovative (% who think so)
1	Apple	U.S.	Product (47%)
2	Google	U.S.	Customer Experience (26%)
3	Toyota Motor	Japan	Process (35%)
4	Microsoft	U.S.	Process (26%)
5	Nintendo	Japan	Product (48%)
6	IBM	U.S.	Process (31%)
7	Hewlett-Packard	U.S.	Process (39%)
8	Research In Motion	Canada	Product (53%)
9	Nokia	Finland	Product (38%)
10	Wal-Mart Stores	U.S.	Process (49%)
11	Amazon.com	U.S.	Customer Experience (41%)
12	Procter & Gamble	U.S.	Process (27%)
13	Tata Group	India	Product (44%)
14	Sony	Japan	Product (40%)
15	Reliance Industries	India	Business Model (35%)
16	Samsung Electronics	South Korea	Product (41%)
17	General Electric	U.S.	Process (36%)
18	Volkswagen	Germany	Customer Experience (38%)
19	McDonalds	U.S.	Customer Experience (55%)
20	BMW	Germany	Customer Experience (37%)
21	Walt Disney	U.S.	Customer Experience (68%)
22	Honda Motor	Japan	Product (47%)
23	AT&T	U.S.	Product (33%)
24	Coca-Cola	U.S.	Customer Experience (38%)
25	Vodafone	Britain	Product (25%)

2009 Rank	Company	HQ Country	Known for its Most Innovative (% who think so)
26	Infosys	India	Process (40%)
27	LG Electronics	South Korea	Product (46%)
28	Telefónica	Spain	Business Model (40%)
29	Daimler	Germany	Product (40%)
30	Verizon Communications	U.S.	Customer Experience (38%)
31	Ford Motor	U.S.	Product (36%)
32	Cisco Systems	U.S.	Process (27%)
33	Intel	U.S.	Process (35%)
34	Virgin Group	Britain	Customer Experience (45%)
35	ArcelorMittal	Luxembourg	Business Model (63%)
36	HSBC Holdings	Britain	Process (32%)
37	ExxonMobil	U.S.	Process (47%)
38	Nestlé	Switzerland	Product (47%)
39	Iberdrola	Spain	Customer Experience (40%)
40	Facebook	U.S.	Customer Experience (51%)
41	3M	U.S.	Product (44%)
42	Banco Santander	Spain	Business Model (37%)
43	Nike	U.S.	Customer Experience and Product (36% each)
44	Johnson & Johnson	U.S.	Customer Experience (42%)
45	Southwest Airlines	U.S.	Customer Experience (45%)
46	Lenovo	China	Business Model (35%)
47	JPMorgan Chase	U.S.	Process (62%)
48	Fiat	Italy	Product (30%)
49	Target	U.S.	Customer Experience (60%)
50	Royal Dutch Shell	Netherlands	Process (45%)

Reference: Bloomberg Businessweek

# Issues of the Knowledge & Servicizing Economy

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## □ Rapid Commoditization

- Decreasing values (price sensitive, difficult to maintain uniqueness)
- Instability in business continuity

## □ Bipolarization

- Cloud Environment (A few asset-heavy, large companies vs. many asset-light, small companies)
- Focus on open, global market, or on closed, domestic market
- In Japan, suffering from “Galapagos syndrome” (latter case)

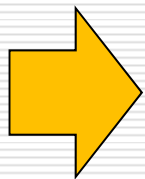
## □ Constraints of Asset Utilization

- Human resources, energy resources, time, etc. are limited and restricted

# Our Solution

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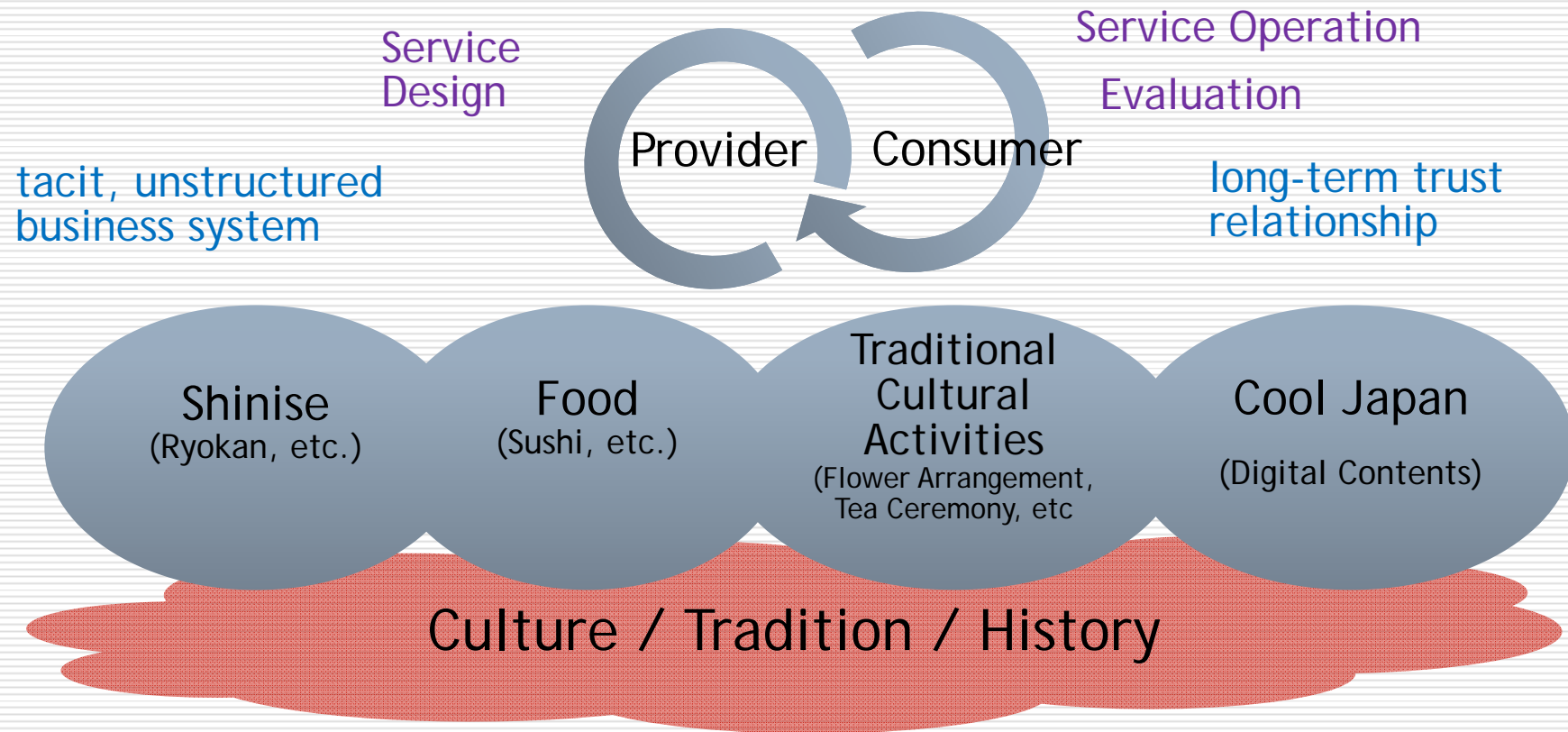
- ❑ Pursuing the balance of business sustainability and profitability (productivity, efficiency)
- ❑ Focus on maintaining and developing value creation with intangible assets
- ❑ Reveal “governance rules” behind the scene and utilize them on the IT environment



Analyze **Japanese Creative Services**, and reconstruct the framework that hooks **with the context of global, open, IT environment**

# Japanese Creative Services

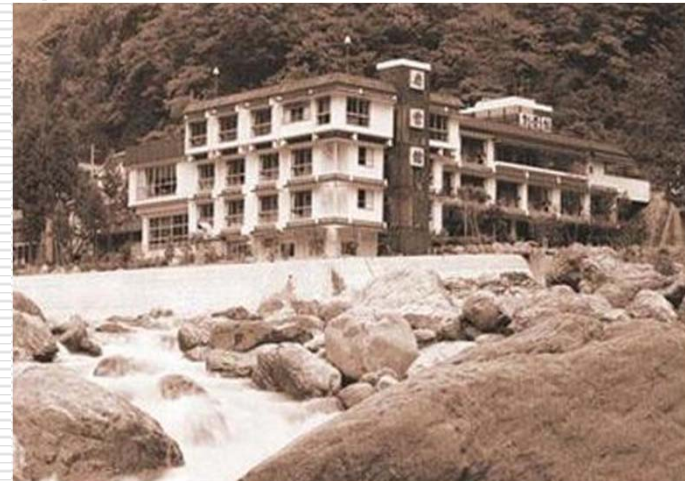
- Defined as Japanese value-added services influenced by such contexts as natural, cultural, historical, and/or lifestyle factors.



# Shinise [ʃinisé] (老舗)

- A shop of long standing (usually more than 100 years old)
  - Mainly private, family-owned companies

Story-based brand development  
Omotenashi (Japanese hospitality)



Keiunkan, an Onsen Ryokan (Japanese hot-spring hotel) since 705, is the oldest hotel in the world.

Kongo Gumi, a construction company since 578 (more than 1,400 years old) built many shrines/temples, the Osaka Castle, etc.

# Japanese (Highly Contextual) Food

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Edo-mae Sushi

Dialectic interaction

Increase service literacy  
by encouraging each other



Kyo-kaiseki - a high-quality Japanese food

Invariant structure

Based on "Umami" (amino acids) that is  
produced from dashi (Japanese soup stock  
made from fish and kelp)

Not based on oil or sugar

Not just using Japanese food materials

# Japanese Traditional Cultural Activities



Tea ceremony

“Iemoto system” (a sustainable mechanism)



Traditional incense-smelling ceremony



Flower arrangement





# Cool Japan

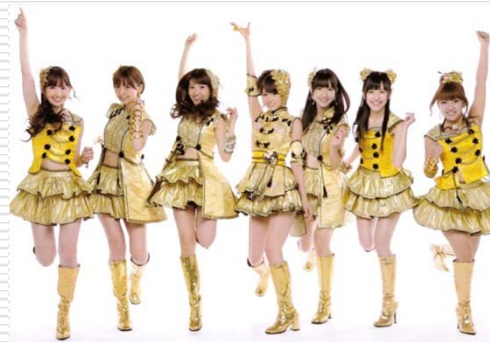


Manga



Cosplay

Respect diversity



Japanese pop idols

Business co-creation with customers



"Otaku" animation



Figures

# Characteristics of Japanese Creative Services (1)

- Anecdotal Values based on Nature, Culture, History, and Lifestyles

- Recognize the value of contexts

- Knowing Process

- Focus more on the process and circumstances

- Create new tacit knowledge through the process

- cf. Knowledge -- Can be extracted by formalization and standardization, but the service level would be restricted



Uchimizu



# Stories focused on Culture and History



## なぜ煎茶のもてなしなのか

余りにも周知され、そこには先入観が先にあり、「煎茶」と聞いても、私たちが知っている知識以上のことを、特に求めようとは誰もしない。しかし、実際には、これほど私たちが周知していない世界も珍しいのではなかろうか。

- 手元に来たそのお茶は、単に生ぬるいだけ、だった、と思いきや、とたんに繊細に、この上なく芳醇に、スミレの花の精油のように香り、シロップのようなとろりと滑らかな舌触り。三口啜る間中、踊りだしたくなるほどの強烈な刺激を送り出してくる。



Ogawa School for  
“Sencha” (green tea)  
ceremony

# Characteristics of Japanese Creative Services (2)

## □ Omotenashi (Japanese Hospitality)

### ■ Dialectic

- Interact between service providers and consumers to increase the sensitivity for understanding service value (i.e., service literacy)
- cf. Dialog -- Provide what the consumer wants

### ■ Omonpakari

- Guess what the consumer thinks, and/or the circumstances state, then act with such implicit role model



# Co-creation of Values between Service Providers and Consumers

- An ethnomethodological approach - analysis of interactions
  - Customers cannot simply ask for what they want; instead they need to make their actions culturally accountable
  - Customers perform a role in a sense that they do not admit that they do not know; they at least show that they are capable of acting in the culturally appropriate way
  - The chefs on the other hand respect this performance and treat the customers as more knowledgeable than they may be. The more customers acquire skills and knowledge to evaluate Sushi, the harder the chefs need to work to respond to the customers
  - This tension therefore seems to help grow the Sushi culture

Chefs strive to impress customers even more.

tension (dialectic relations of service)

Customers struggle to learn more about Sushi.



# Characteristics of Japanese Creative Services (3)

## □ Duality Structure in Inheritance of Authority and Service Competence

### ■ Long-term Trust Relationship

- Put emphasis more on the long-term relationship between service provider and consumer than the short-term profitability only

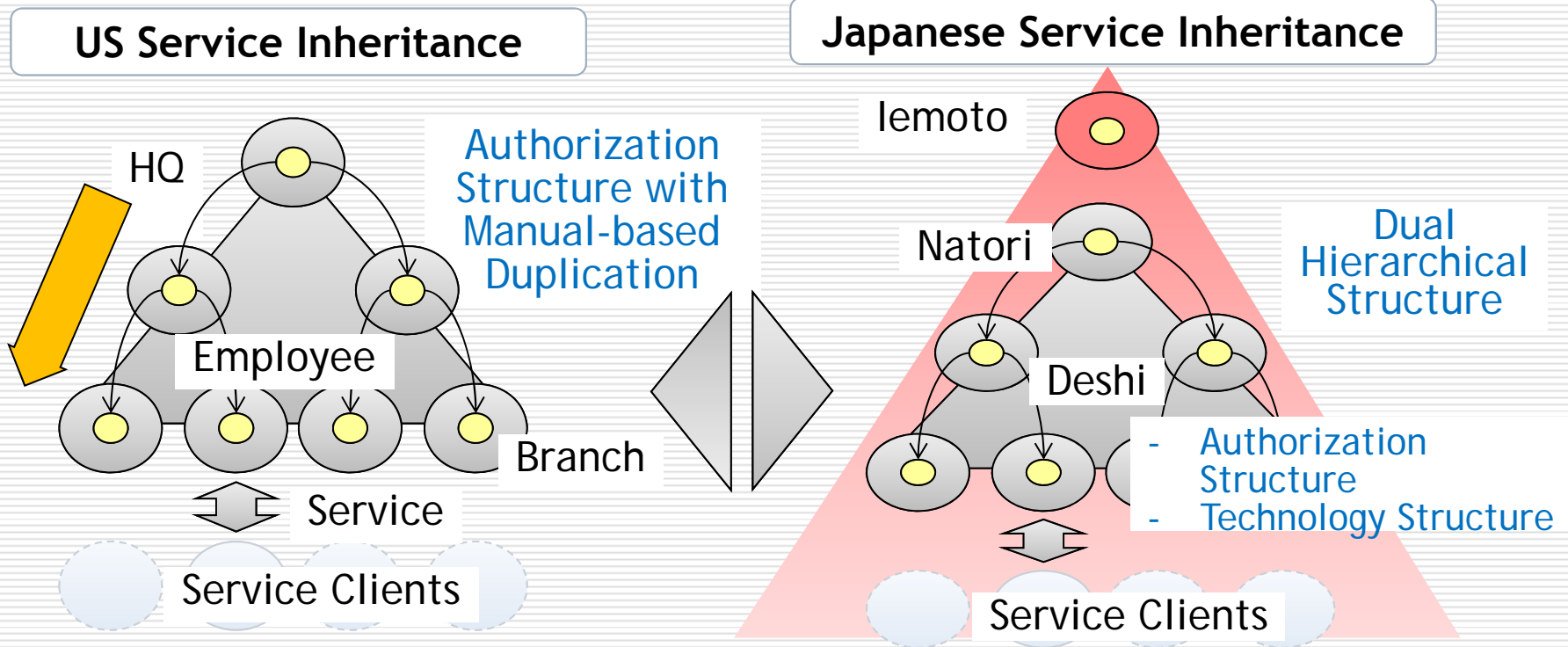
### ■ Duality

- Sustainable because of changing, and changeable because of sustaining (co-existence of contrary concepts)
- cf. Dualism - Distinguishing contrary concepts with each other may result in falling into short-term goal

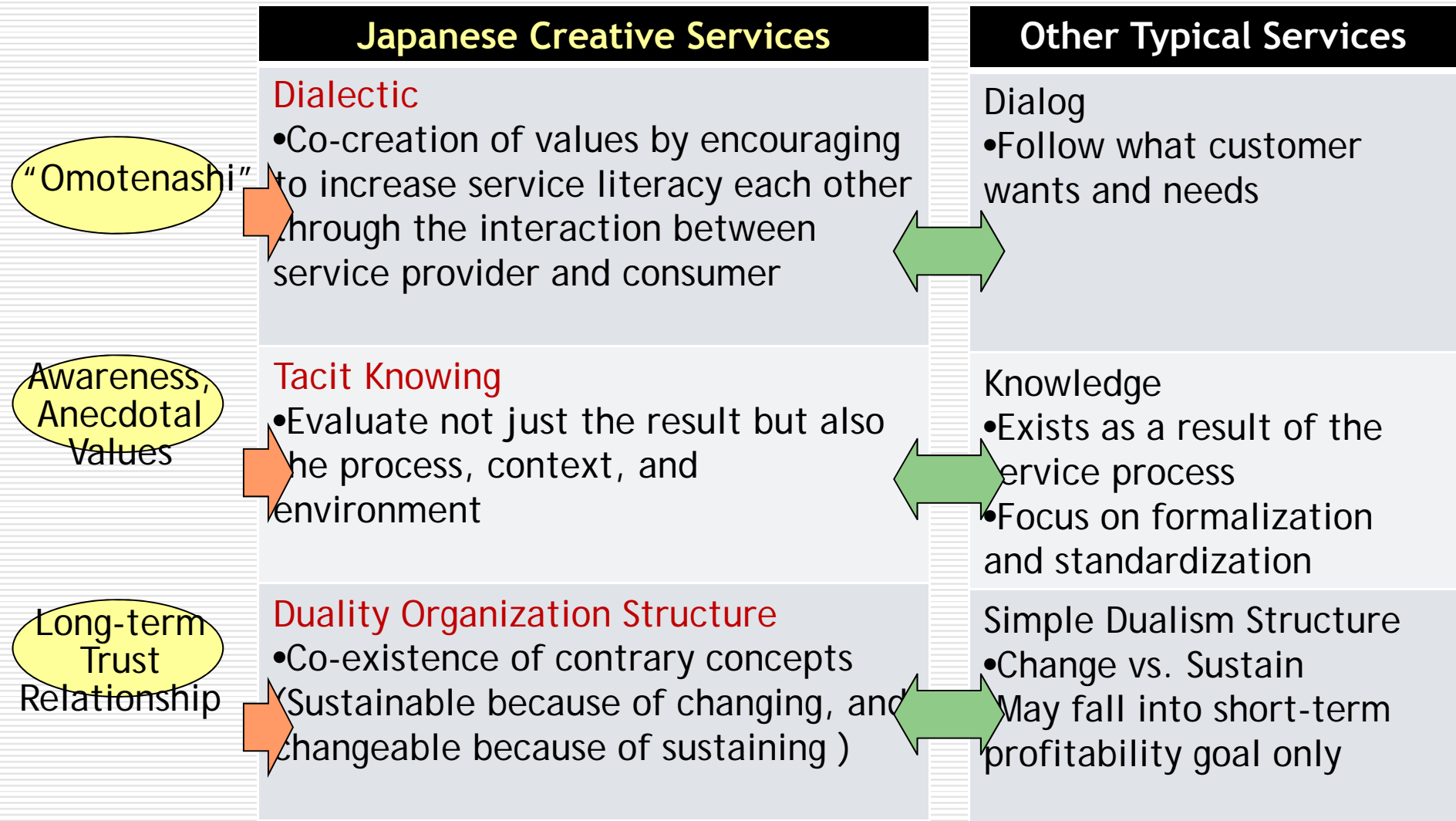


# Service Inheritance Structure

- Japanese Service Inheritance Structure (“Iemoto System”)
  - Iemoto: Top management of a school who gives authority
  - Natori: Expert/Higher Manager who maintain technology/methods



# Summary of Japanese Creative Services





# Creative Service Knowledge Management

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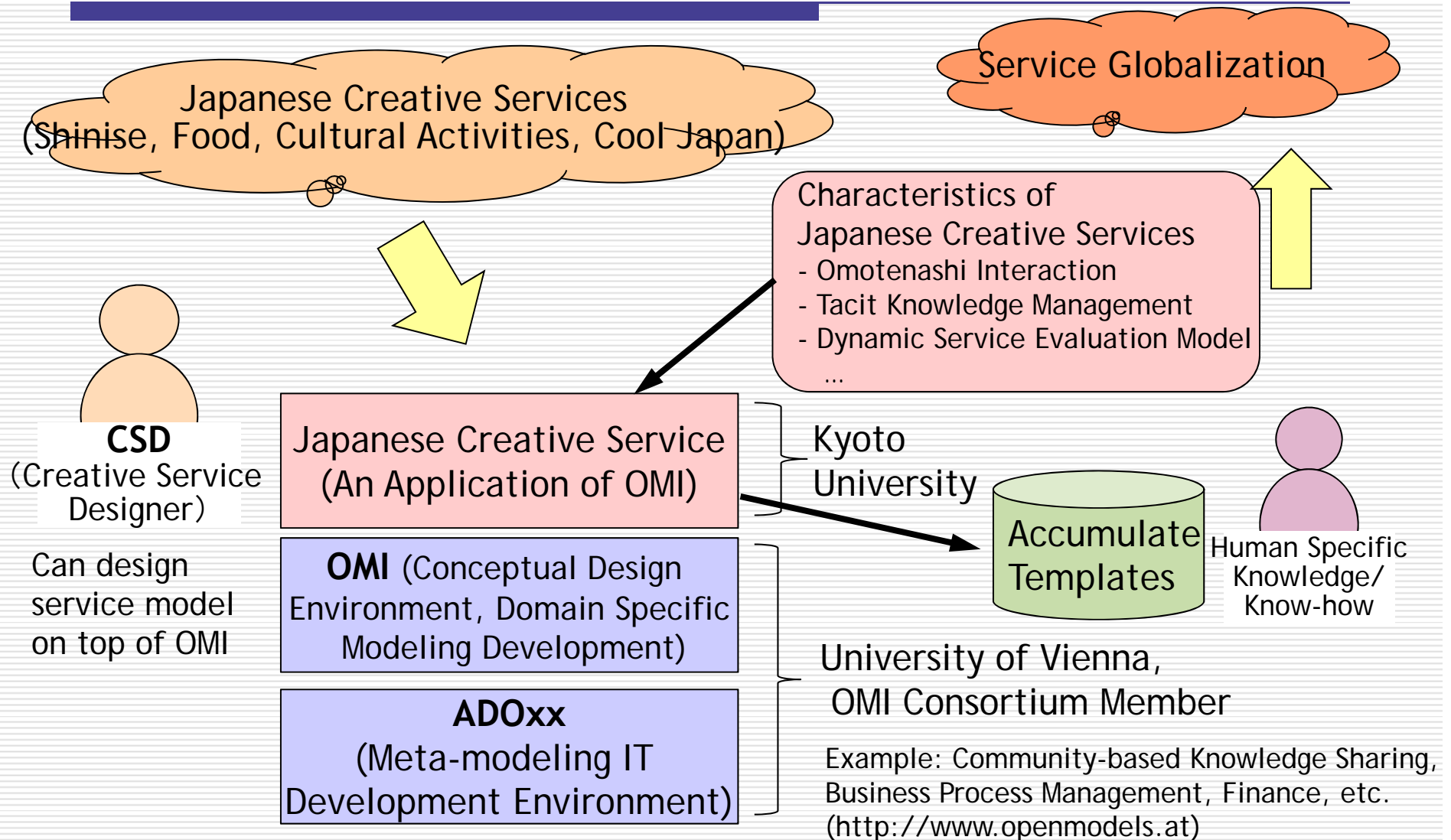
## □ Objectives

- Integrate, Accumulate, and Evaluate of Characteristics of Creative Services on top of IT Environment
- Human Resource Development for Creative Service Designers
  - Pursing a designer who can design serve applications based on IT environment such as OMI
  - Accumulate creative service patterns towards global service enhancement

## □ Approach

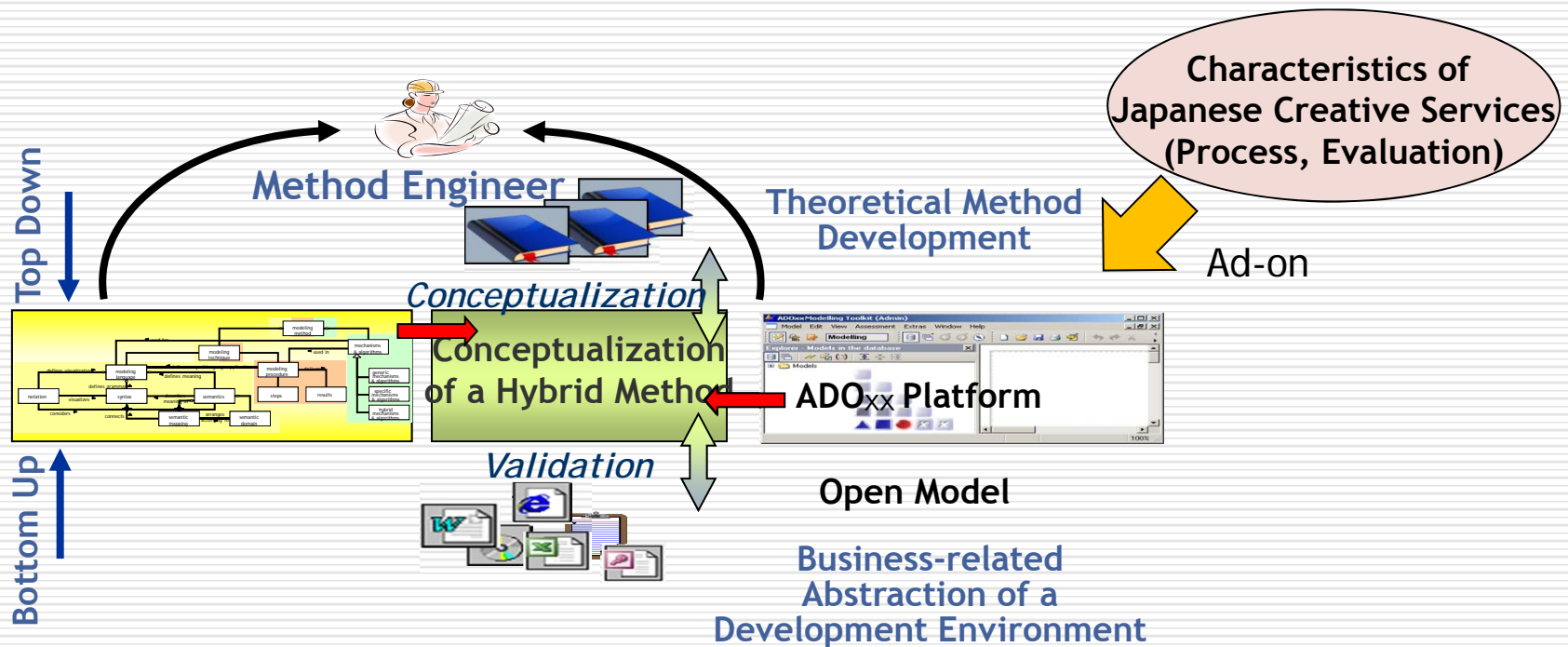
- Utilize OMI (Open Model Initiative) being developed at University of Vienna
  - Apply to OMI for implementing such unstructured characteristics as dialectic interaction, tacit knowing, and dynamic evaluation
  - Develop design methodology to distinguish IT-initiated knowledge management process and human-dependent tacit knowledge process

# Designing Creative Service Knowledge Management System



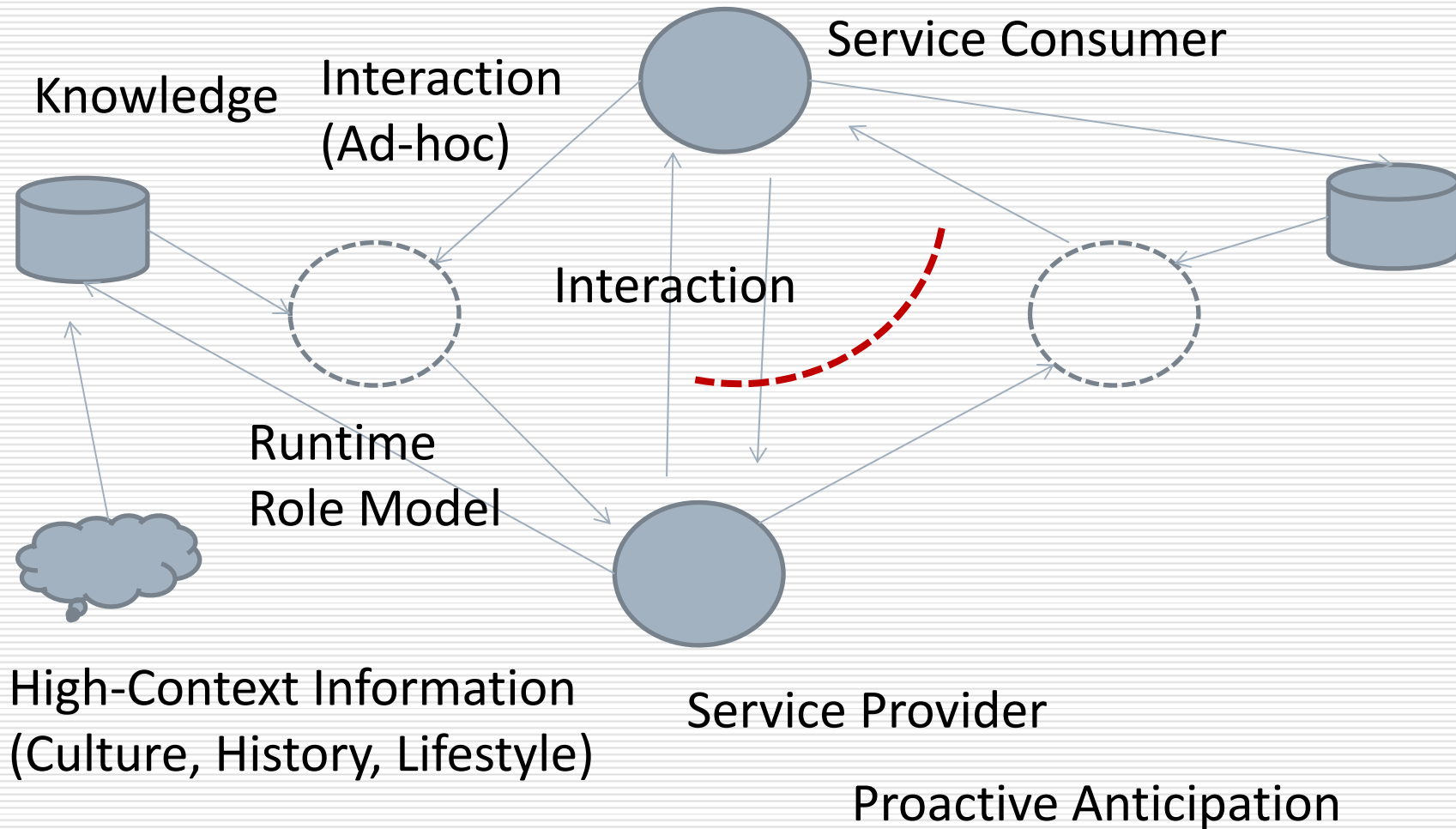
# OMI (Open Model Initiative) as a Hybrid Modeling Framework

- Develop a prototype of characteristics of Japanese Creative Services working with University of Vienna
  - OMI: Meta modeling framework, hybrid approach, customization, seamless integration with IT development environment



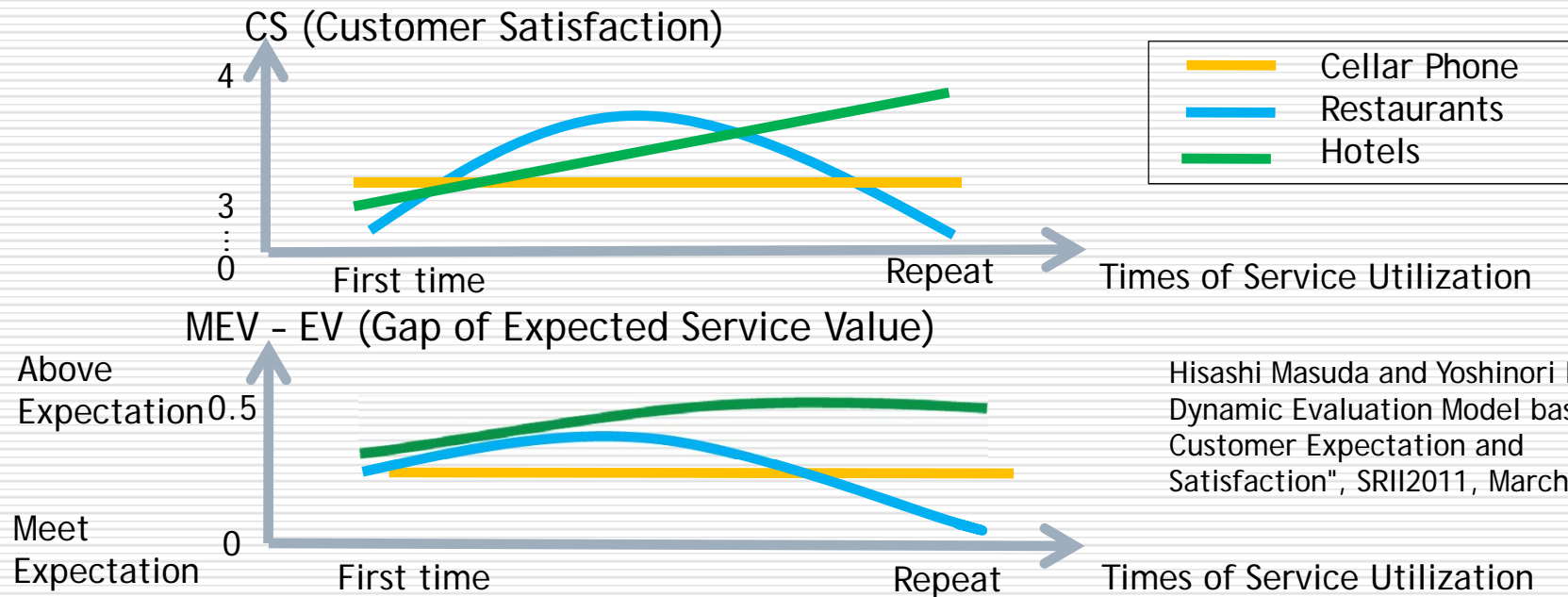
# View (1): Omonpakari

## - A Japanese Service Interaction Model -



# View (2): Dynamic Service Evaluation Modeling

- Analyze the dynamic behaviors between expectation and satisfaction of a service consumer
  - Extract relationship between CS (Customer Satisfaction) and Estimation Gap (MEV - EV)
  - Distinguish Novelty satisfaction (above expectation) with familiarity satisfaction (meet expectation)



# View (3): Develop and Accumulate Japanese Service “Kata” (Templates)

- Extraction of “Kata” from Each Japanese Creative Service
  - Common “Kata” and domain/school dependent “Kata”
  - Crystallized essential knowledge derived from ascendants’ experience
  - Extract meta-model of “Kata” (“Kata” of “Kata”)
    - “Kata” is not a homogeneous manual
    - Not directly be copied, but be created with such meta-model
  - Accumulate “Kata”
    - Cf. flower arrangement, tea ceremony, Kendo, Judo, Karate, etc.
  - Share with others who have different cultural backgrounds



# Summary

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## □ Japanese Creative Services

- Categorized as a high-context, sustainable business model
- Less commoditized value co-creation process and brand development
- Omotenashi (Japanese hospitality), Omompakari model, lemoto system, ...

## □ Japanese Creative Services on OMI

- Extending the business architecture to redefine the roles of human being and IT/machines towards open, global market
- A case of cultural & social computing
- Core competence: an extensive, hybrid modeling

# Thank you for your kind attention!

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