

ENTREPRENEUR

Ichizaemon Morimura

By Masaomi Ise



Noritake whose quality tableware has a lot of fans throughout the world, INAX which is the world's No.1 tile manufacturer, and TOTO which has attained supremacy in the sanitary chinaware market in Japan—these world-renowned companies have something in common. Each of the companies has its origin in **Ichizaemon Morimura (1839-1919)**, an entrepreneur who established Japan's first trading company about 130 years ago, not long after Japan opened its doors to the world. I would say these companies could attain success because they had learned and followed Ichizaemon's way of living, his way of thinking and management philosophy.

Ichizaemon kept taking on challenges to realize his dreams and never gave up.

What was the source for his indomitable spirit?

In November 1878, a small office was opened on Sixth Avenue in New York City, in which Toyo Morimura (age 25) and two Japanese employees worked. Toyo had moved to New York, studied at a commercial school for three months, and gained experience by selling Japanese antiques. He then established the company Morimura Brothers. In Japan at that time, where steam locomotives had just started running in a limited area, Toyo's brother Ichizaemon Morimura walked around the country, even to areas more than 500 km away, to purchase antiques, ceramics, dolls and other articles. He packed them by himself and sent them to Morimura Brothers in America. Toyo received the packages at a station in New York, unpacked them, and marketed the articles all by himself. Because Toyo had no money to buy or rent a home, he slept in his office and sustained himself on bread.

Trading Business Is As Important As It Affects the Nation's Life and Death

It was 1876 that Ichizaemon established the Morimura-gumi, Morimura Brothers' office in Japan. He established this company because he was sympathetic with the ideas of Yukichi Fukuzawa, the founder of Keio University, such as "Trading business is as important as it affects the nation's life and death." Before the delegates were sent to the United States to ratify the Japan-U.S. Amity and Trade Treaty, Ichizaemon had been put in charge of exchanging Japanese money for Mexican dollars which were the international currency at that time. Ichizaemon found out that the government of Edo was stuck with exchange rates and prices quite different from international standards because the government was not familiar with the know-how or actual conditions of international trading. For example, foreign traders purchased Japanese coins at 100 dollars and sold them as bare metal at 150 dollars.

Later, Ichizaemon reflected on that time and wrote as follows: "I was worried about the future of our nation to see our money, which is our nation's lifeline, being let go easily even at a loss. If we keep just buying weapons and importing goods such as materials for building battleships from overseas countries, we will continue to lose our gold and silver. Before too long, all of the gold and silver in our country will be absorbed by foreign countries

and will never be returned to us. If we do nothing about this, we will hardly be able to maintain the independence of our nation. To avoid this, we have to sell Japanese products to foreign countries in order to pull in foreign cash." Ichizaemon's thoughts like this led him toward trading.

Indeed, Japan had kept an adverse balance of trade since it had opened its doors to the world in 1854. The total number of imports during the 12 years from that year was 1.3 times that of exports. When the government started to offer bounty for exports, however, export companies were established one after another. Marketing of Japanese art objects was successful in the beginning. Nevertheless, many of the companies that received the bounty for exports soon began suffering from excess stock because they had made excessive purchases to get the bounty money. They continued reckless management such as selling the old stock at discount prices. Ichizaemon never received the bounty for exports. He explained the reason as follows:

"I have always hated to be taken into care by other people and I have never asked for anybody's pity no matter what adversity I was facing. My determination has become stronger after I got acquainted with Mr. Yukichi Fukuzawa. He always told me, 'A nation's independence is not possible without individual citizens' independence. How can the nation's independence be maintained by such people that have to hang onto someone's sleeves to stand?'"

Building Up the Wealth of Customer Confidence

The trading companies established counting on the bounty for exports vanished like bubbles one after the other. However, Ichizaemon steadily expanded his business with an indomitable spirit while building up immeasurable confidence in America. Here is an episode that indicates how the confidence in Ichizaemon's company was established. One day after the company hired an American employee for the first time, the employee sold a five-dollar umbrella stand for 10 dollars by mistake. When Toyo found the mistake while sorting the sales slips at the end of the day, he told the employee to go return the excess money to the customer. The employee said, "The customer accepted this price to buy the umbrella stand. Why can't we leave it be?" Toyo got furious

and said, "There are certain standards for merchants' benefits. We must refrain from outrageous conducts such as selling a five-dollar item for 10 dollars." Toyo sent the employee to the customer to return the money. The American employee was impressed very much and swore to himself, "I will not leave this man's side for the rest of my life." Then, every time he met somebody who spoke ill of the Japanese, he told this story and stood up for the Japanese people.

Ichizaemon has a similar episode. When he was in the tailoring business, he made an 800-km

I want to contribute to our nation by sending a lot of Japanese products to overseas countries. From this point of view, my company should become a wholesaler so that it can export a large number of products. For example, we will show the samples of ceramic ware and obtain advance orders from chain retailers. We will then purchase ceramic materials from various regions including Kyoyaki, Satsumayaki, and Aizuyaki and paint them at our factories in Kyoto and Tokyo.

Toyo made sure that the company would provide products that met customers' needs by



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journey from Tokyo to Wakayama to apologize to a customer for a mistake he had made in a suit. These episodes prove that Ichizaemon's policy such as "to be good for all three parties (sellers, buyers and public)," which means that business must be of benefit to sellers, buyers and the entire society, had taken root as a basic philosophy of management. Thus, Morimura Brothers steadily expanded business in America based on the wealth of confidence it had obtained through its activities.

Morimura Brothers

Morimura Brothers came to a turning point in 1885. That is, the company turned from a mere retailer into a wholesaler. This change was made because Ichizaemon decided like this: My company does not merely intend to pursue profit.

making various efforts such as modifying the designs to suit American tastes. At the same time, he was strict about the quality of the products. When he returned to Japan, he rubbed the painted or gold-painted ceramic ware with the bowl of his tobacco pipe and frightened workers saying, "If the paint comes off by this simple action, I won't accept such products." Because Morimura Brothers thus placed importance on customer satisfaction, their products soon earned reputation in American market. As a result, even famous mass retailer Woolworth began dealing in their products. Morimura Brothers became to receive bulk orders.

But no one's luck lasts forever. In 1899, soon after Ichizaemon's eldest son passed away, Toyo, who had returned to Japan for business, also died due to stomach cancer at the young age of 45.

Ichizaemon was at a loss for a while feeling as if he had lost both of his arms. He finally came to the thought that Heaven had ordered him to work throughout his life for the two young men, and so got himself together.

Development in America

In America at that time, quality ceramic ware was mostly imported from Europe and was very expensive. Ichizaemon encouraged research within his company for more than 10 years until the company finally developed competitive products. When the products were put on sale at prices within the reach of ordinary people, they became a sensation. Ichizaemon's company was flooded with orders from department stores and others. Every time the company put new products on the market, they ran out of stock within two or three months. The products not only brought about a revolution in the American market, but also posed a great threat to the European people that were in the same business.

As Japan's national power received recognition and the American people's feelings toward Japan got better over time, Morimura Brothers grew at an ever-increasing rate. The company had about 100 employees, of which two thirds were American citizens. It was the biggest company among Japanese trade firms in America at that time. Its large shop displayed thousands of samples of ceramic ware and chandlery. In Japan, Ichizaemon set up another company named Nippon Toki Partnership Corporation (today's Noritake) in Noritake, Aichi Prefecture, in which 1,500 employees worked to manufacture quality ceramic ware.

Reasons for Working Diligently

Ichizaemon planned to use the wealth he gained from the success of his business for the nation. Around that time, Shibasaburo Kitasato, who had achieved worldwide fame for growing tetanus bacillus in a pure culture, developing a serum therapy for tetanus and discovering the plague bacillus, had returned to Japan. He had declined the offer of the position of the Director of the Bacteriological Laboratory in Cambridge University because he had a hope to be of service to the public health in Japan. When Yukichi Fukuzawa, who sympathized with Shibasaburo's aspiration to

establish a research institute for infectious diseases, provided some land and buildings, Ichizaemon also offered a contribution to Shibasaburo whom he had never met. Ichizaemon made a donation of 10 million yen in today's value for purchasing research instruments. People who heard this also offered a contribution one after another. As a result, Japan's first institute for infectious diseases was established in 1892.

In July 1904, Emperor Meiji who visited Tokyo Imperial University (now Tokyo University) made remarks such as "Though we are now fighting a war against Russia, we must not cut corners on education." Ichizaemon was deeply moved and made a donation of 550 million yen in today's value to Japan Women's University that was newly established. The university set up the department of education using this money. About this donation, Ichizaemon said, "I am now filled with joy. I can die anytime with no regrets because I can believe that a little man like me could set some seeds for our nation. For what purpose have I worked diligently by bearing hardships for more than 50 years? It was because I wanted to benefit my country. I had a long-standing concern in my mind about how I should use my money for the sake of the country, but it has been dissolved today. It gives me great pleasure."

Putting Kindness into Products

In 1909, Ichizaemon who turned 70 announced the "Spirit of Our Company." He probably wished that his successors would carry on his spirit to keep the business running after he died. The statement begins as follows:

- Trade is a business conducted under pledge of working for the peace, happiness, justice and humanity of the people of all countries.
- We will selflessly sacrifice ourselves aiming for the future development of our nation. (The rest is omitted.)

Two months after this, Ichizaemon published the "10 Precepts for My People" in an in-house magazine of his company. In the paragraph of "kindness," one of the precepts, his experience in the American market seems to be reflected. He wrote, "Kindness is love. Kindness is our life. — When manufacturing products, I want you to put

the kindness of your heart into the products so that nobody would say, "Foreign products are friendly to users but Japanese products are not." I want you to work with love for your jobs. This will make our business flourish and we will find our happiness and honor there.

Successors

Ichizaemon's successors skillfully practiced his management principles. When World War I broke out in 1914, European countries involved in the war could not afford to export their products to America. As a result, America became to import



more products from Japan. Nippon Toki began to be flooded with orders especially for their dinnerware sets under the Noritake brand.

While other companies in the same business continued to raise prices in response to the inflation caused by the war, Ichizaemon's company made efforts to hold down prices. As a result, the company received more and more orders. Orders were such that the company even had to divide their products to be delivered to their clients according to the delivery records of the previous year. Even during the recession after the war, the Noritake brand that had won customer trust continued to grow. The sales expanded not only in America but also in South America, Europe, Australia and Asia. Although "Made in Japan" was regarded as a synonym of poor quality goods in those days, the pearls of Mikimoto and chinaware of Noritake were treated as exceptions. The designs of the Noritake chinaware were copied even in Europe, the home of dinnerware.

Leaving Noble Spirits for Posterity

From Nippon Toki, the sanitary ware maker TOTO, power line insulator manufacturer NGK Insulators, and automotive spark plug manufacturer NGK Spark Plug Co. spun off one after the other. Nippon Toki also invested in a long-established company that had manufactured architectural tiles. INAX was thus established.

In addition to Nippon Toki (= Noritake) that is the main body of the group, TOTO, NGK Insulators, NGK Spark Plug and INAX have also grown into leading companies in their own

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business fields. If you trace the history of each company, however, you will arrive at the same person, Ichizaemon Morimura. The success of each company appears to be a validation of Ichizaemon's following words: "Do not hesitate to do whatever is beneficial to the nation even if the undertaking makes no profits or turns out a failure. I can tell you that the key to a successful business is the determination to work for the future of the nation, society and humanity even if you have to sacrifice yourself. If you can sacrifice yourself, don't forget to leave at least one of your noble spirits for posterity. Then, other like-minded people will carry it on after you die, and your business will sooner or later become successful." ■

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