

*ASEAN + 3 SME CONVENTION  
Kuala Lumpur Convention Centre,  
Kuala Lumpur*

**SMEs: Your Outsourcing Partner**

16 -17 May 2006

Prof.Takeru Ohe

Waseda University, Japan

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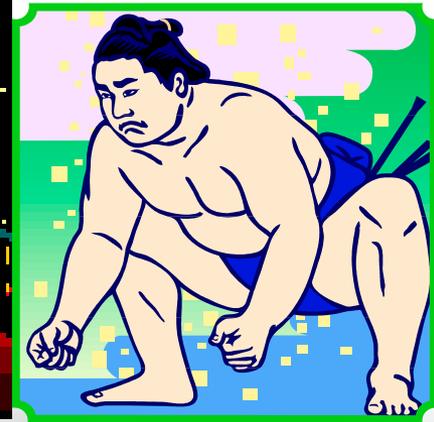
# Waseda University



- Established in 1882
- Third largest university in Japan
- Motto: Independence of Learning
- The Graduate School of Asia-Pacific Studies (GSAPS)
- MBA and MOT
- NTU-Waseda Double MBA

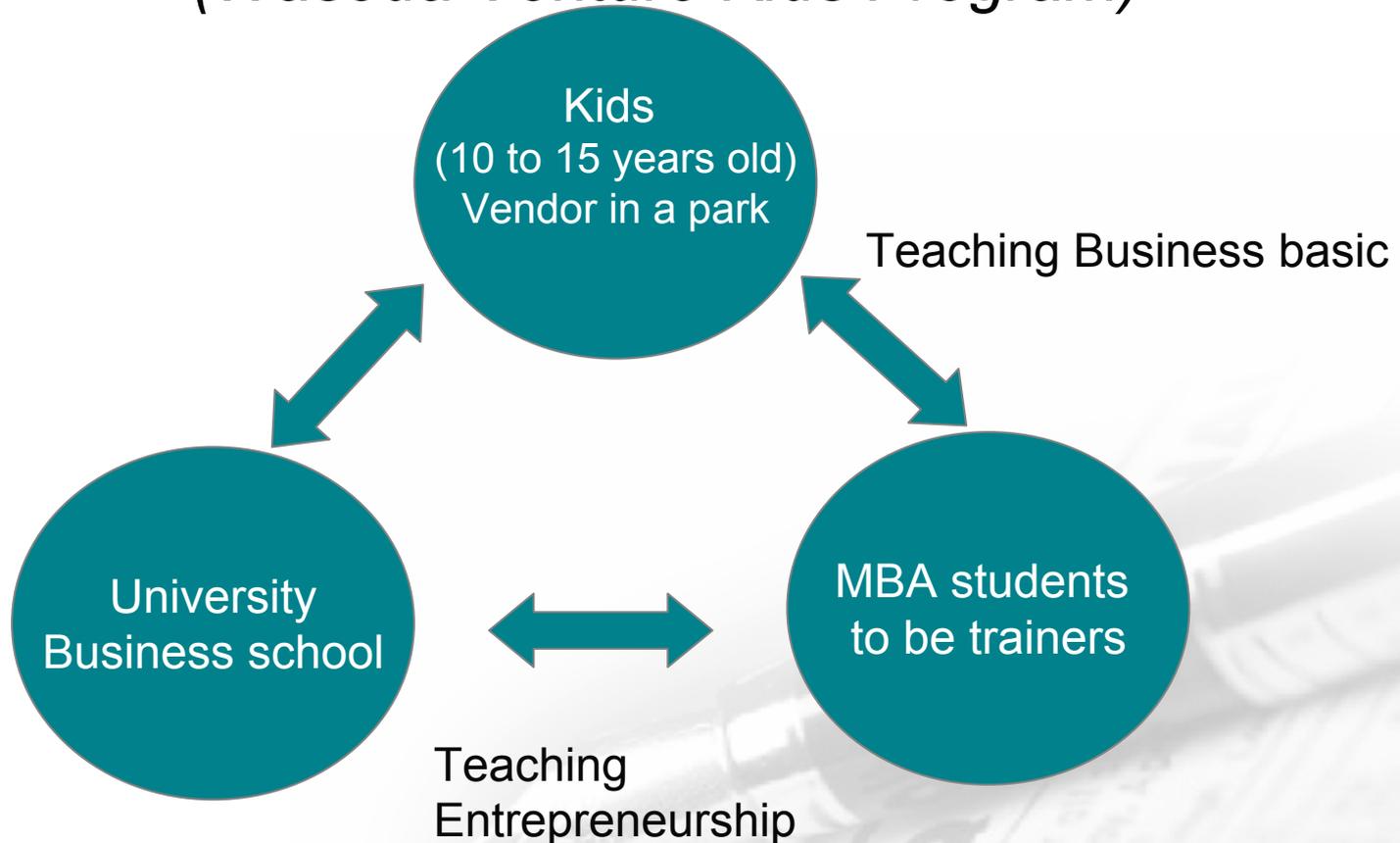
# Comprehensive Agreement between Waseda University and Sumida-ward, Tokyo

On Dec. 25, 2002



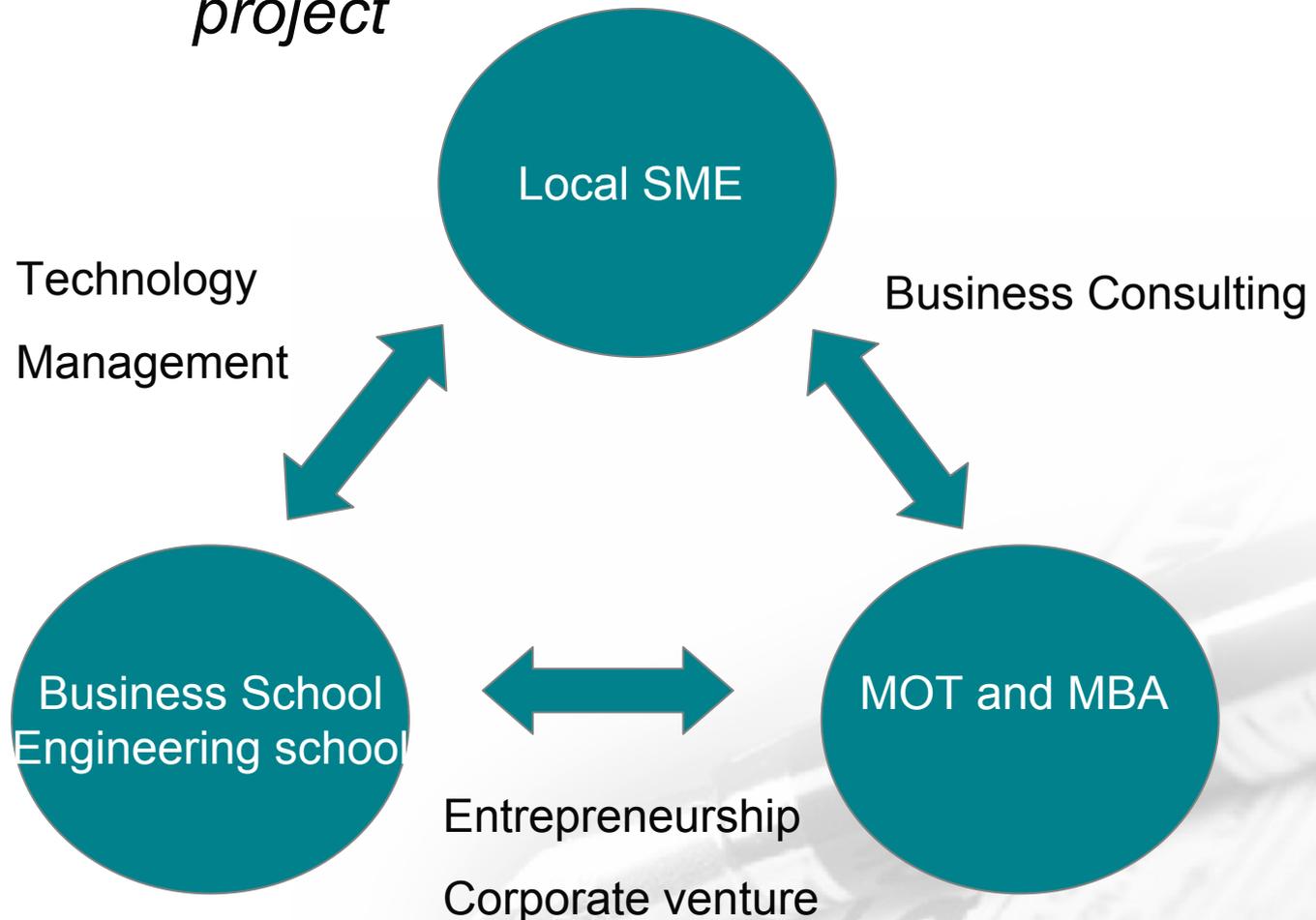
# Proposal 1

*Entrepreneurship education for kids to create future entrepreneurs  
(Waseda Venture Kids Program)*



# Proposal 2

*MOT consulting for SME as a MOT course project*



# Hamano Products, K.K.

**20 employees company**

**Currently a 250 million yen breakeven operation**

**Sheet metal works as a subcontractor**



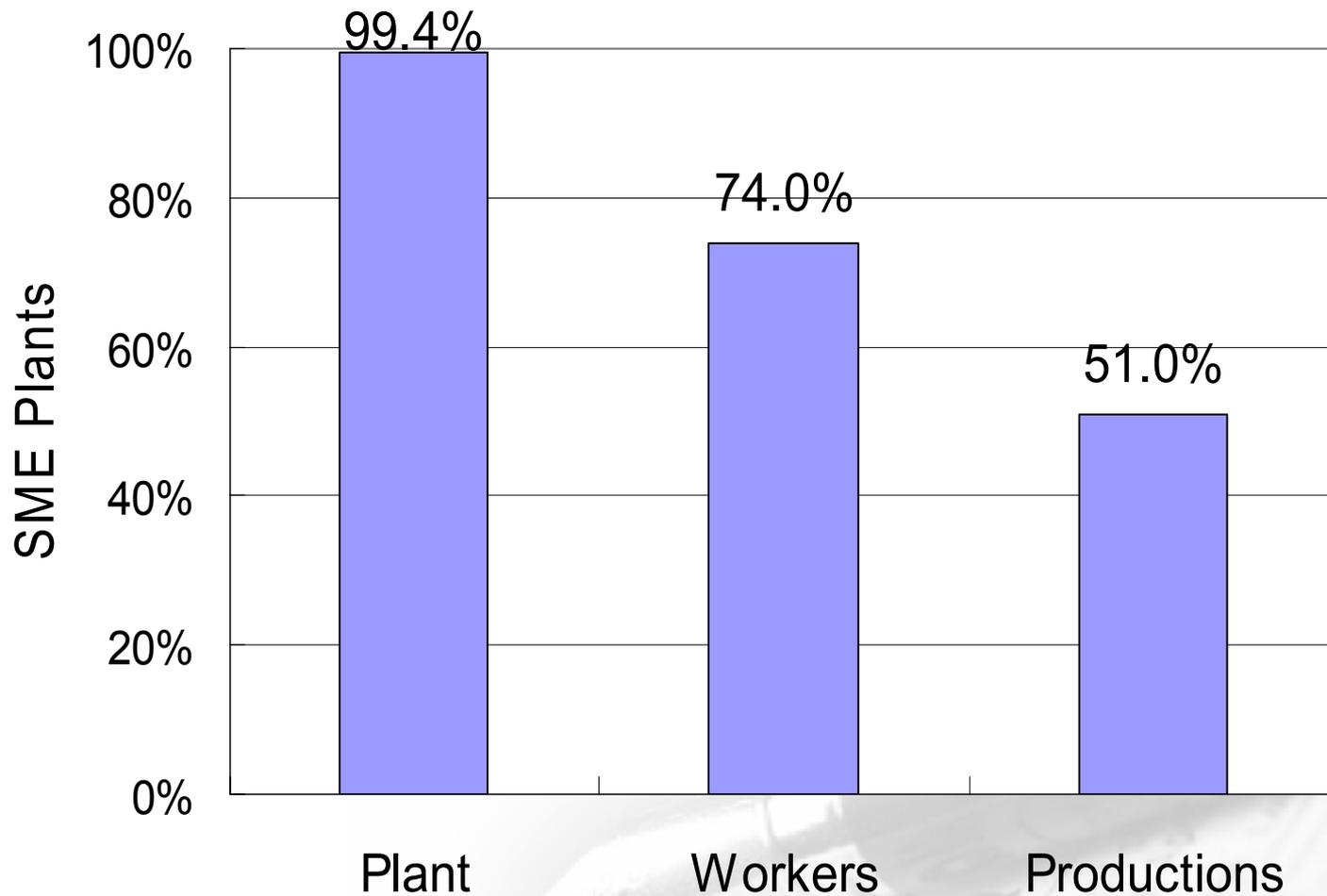
# Sample Work



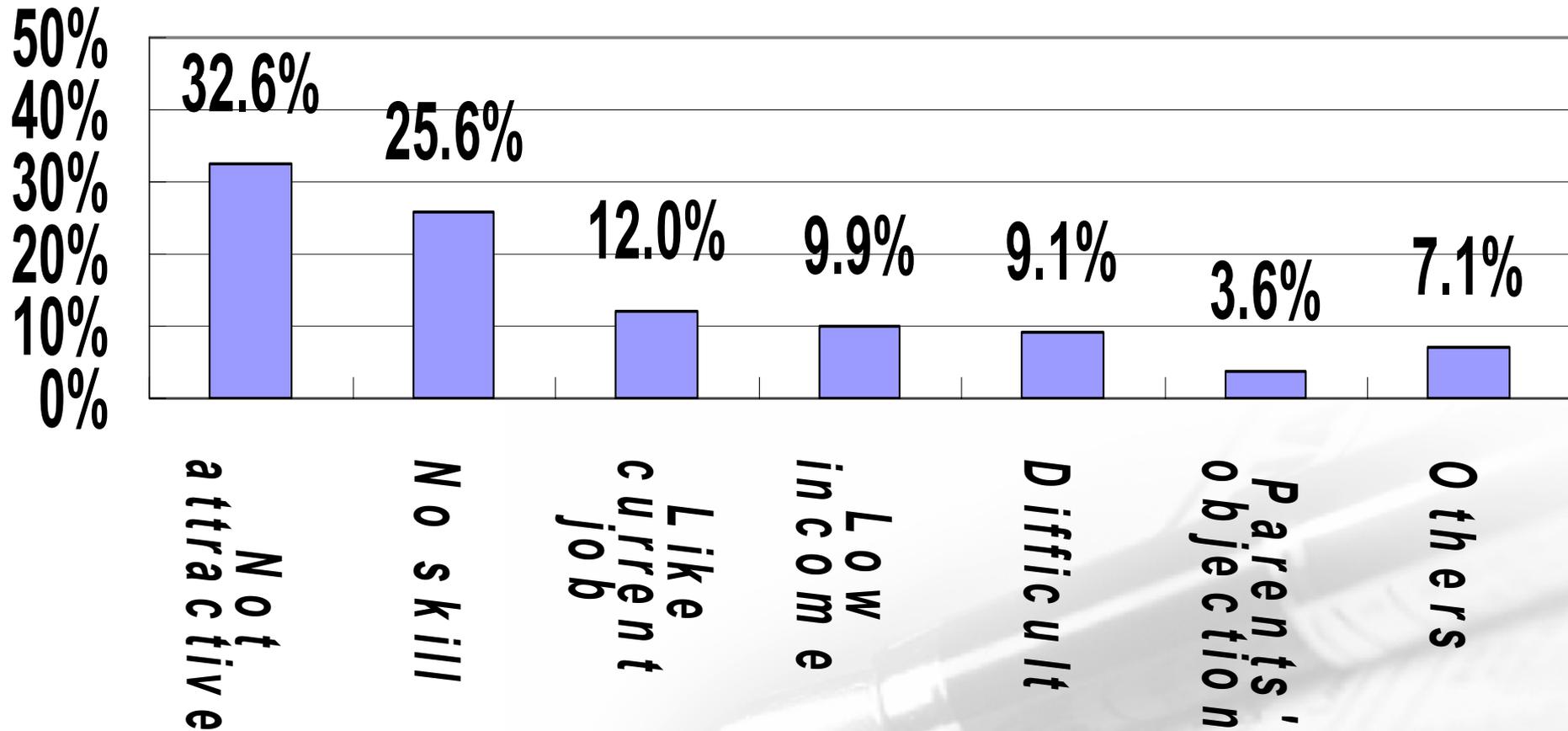
# Definition of SME in Japan

- SME
  - Manufacturing company: less than 300 employees, or less than capital 300 Million yen
  - Retailing company: less than 50 employees, capital 50 million yen
- Micro Business (unofficially)
  - Less than 20 employees

# SME Plants



# “Parent Businesses are Not Interested In Continuing”



## Problems Related to The Metal Processing Industry in Japan

- The industry consists mainly of SME companies
- Experienced decline in both numbers and sales during the last ten years
  - Customers have shifted to overseas operations
  - Competition with lower-priced overseas companies

## Objectives of the Term Project

- Turn a breakeven company into a profitable company within a short time
- Develop a vision and a growth scenario for micro-company to become IPO

# Observations at Hamano Products

## K.K

- Orders received by fax, mail, direct
- Small repeat orders
- Limited employees can input data
- Short-notice orders
- High turnover of employees: no technology accumulation
- High defective fraction: 2% to 10%
- Limited employees can do quotations and slow quotations
- No standard delivery method
- No cause analysis of failure to receive an order
- No standard Job Work Instructions
- No profit management
- A six-day work week
- Overtime payment is almost equal to monthly salary
- Very unorganized workplace

# Five Growth Strategies

	<b>Lens</b>	<b>Strategy</b>	<b>Strategic Tool</b>
<b>1</b>	Customers	Transform the customer's experience	Consumption chain analysis
<b>2</b>	Products and offerings	Transform the offerings	Attribute mapping
<b>3</b>	Key metrics	Redefine profit drivers	Unit of business analysis
<b>4</b>	Industry shifts	Exploit industry shifts	Industry shift framework
<b>5</b>	Emerging opportunities	Enter new markets	Tectonic triggers framework

MarketBusters HBSP 2005 Rita McGrath and Ian MacMillan

# Strategy 1

## *Improving Customer Experience with Offerings*

- The home page was designed to help the large company designers complete the order-purchase transaction – including researching, price negotiation, and delivery – online.

# Strategy 2

## *Product Offering*

<b>Main customers: Large manufacturers directly</b>		
<b>Nonnegotiable</b>	<b>Differentiator</b>	<b>Exciter</b>
Fast and accurate delivery. Accurate delivery and high quality. Obtain ISO14000	Introducing the solutions for the difficult questions	Fast and standardized estimation.
<b>Tolerable</b>	<b>Dissatisfier</b>	<b>Enranger</b>
High price	Limited technology	
<b>So What</b>	<b>Parallel</b>	
Pictures and hobbies of employees.	ISO 9000	

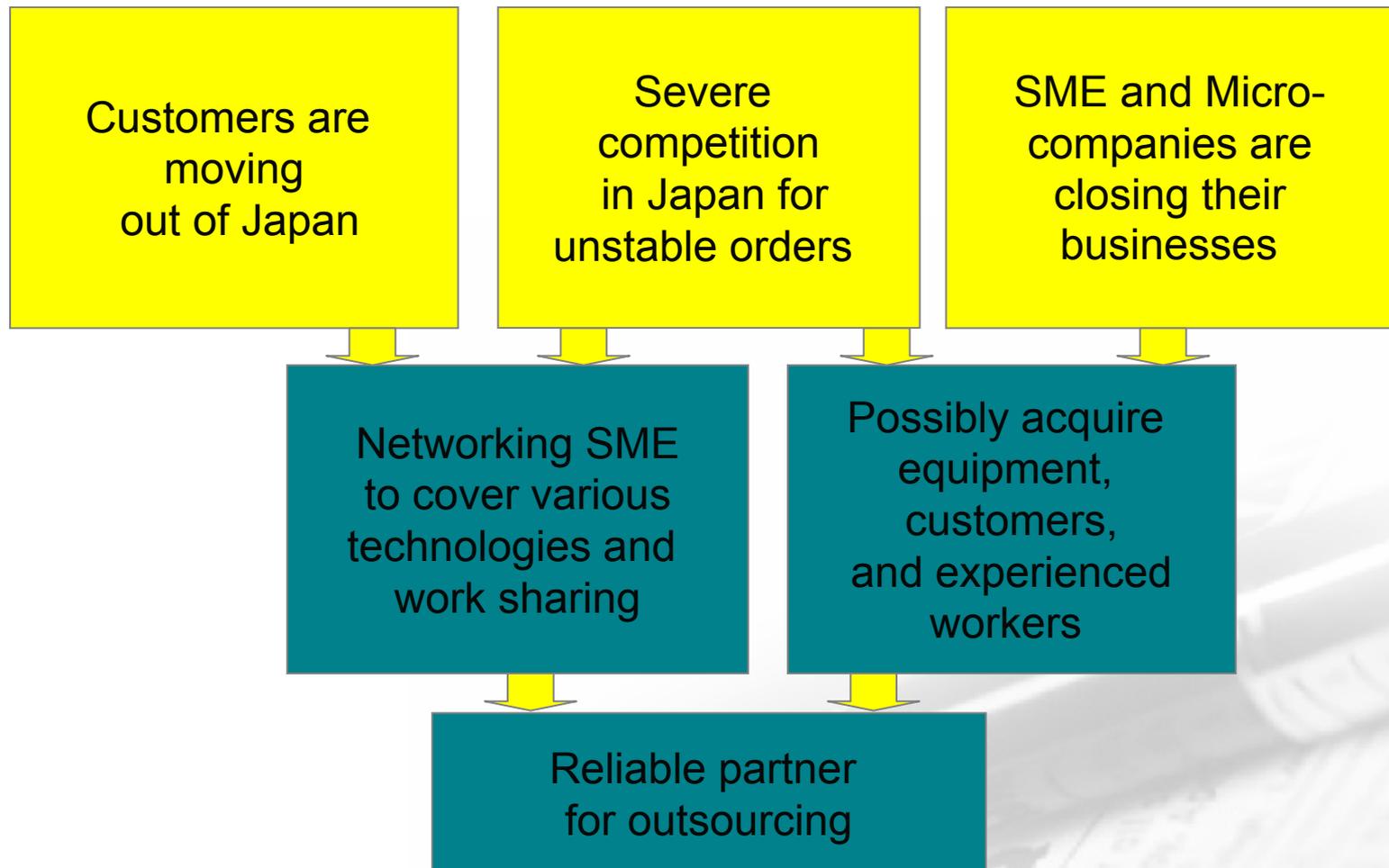
## Strategy 3

### *Modifying the Business Unit*

- From the sales of metal processing work to the sales of assembled finished products and consulting fees from consulting work.
- Change of a very low profit rate of metal processing work to higher profit rate of consulting and assembly work.

# Strategy 4

## *Taking Advantage of Industry Shifts*



# Strategy 5

## *New Business Opportunity*

- New materials such as titan, magnesium, and ceramic through academic-industrial alliance
- New mold technology through academic-industrial alliance

*Fall 2005*

*Hamano Products K.K.*

- Implemented Strategy 1 and Strategy 2 for the last two years
- \$4.0M with 15% ROS (September, 2005)
  - Cut overtime substantially
  - Cut damaged works
  - Started monthly closing
  - Began small group meetings
  - Established job estimate standard
  - Gained new large-company customers
- Preparing Strategy 3 and Strategy 4

## After MOT/MBAs

- MOT/MBA graduates created two consulting firms to support SME and Micro companies
  - Waseda Business Partners, K.K.
  - Waseda Re-vital Partners, K.K.
- Their business models are to receive both a consulting fee as well as a success fee.

# From Micro Company to Outsourcing Partner

