



26 JUN 2020 RESEARCH & IDEAS

Why Japanese Businesses Are So Good at Surviving Crises

by Dina Gerdeman

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As demonstrated after the 2011 earthquake and tsunami, Japanese businesses have a unique capability for long-term survival. **Hiroataka Takeuchi** explains their strategy of investing in community over profits during turbulent times.



On March 11, 2011, a 9.1-magnitude earthquake triggered a powerful tsunami, generating waves higher than 125 feet that ravaged the coast of Japan, particularly the Tohoku region of Honshu, the largest and most populous island in the country.

Nearly 16,000 people were killed, hundreds of thousands displaced, and millions left without electricity and water. Railways and roads were destroyed, and 383,000 buildings damaged—including a nuclear power plant that suffered a meltdown of three reactors, prompting widespread evacuations.

In lessons for today's businesses deeply hit by pandemic and seismic culture shifts, it's important to recognize that many of the Japanese companies in the Tohoku region continue to operate today, despite facing serious financial setbacks from the disaster. How did these businesses manage not only to survive, but thrive?

One reason, says Harvard Business School professor Hiroataka Takeuchi, was their dedication to responding to the needs of employees and the community first, all with the moral purpose of serving the common good. Less important for these companies, he says, was pursuing layoffs and other cost-cutting measures in the face of a crippled economy.

"Many Japanese companies are not that popular with Wall Street types because they are not as focused on gaining superior profitability and maximizing shareholder value," he says. "They talk consistently instead about creating lasting changes in society."

"WISE LEADERS BRING DIFFERENT PEOPLE TOGETHER AND SPUR THEM TO ACTION."

Their reward for thinking beyond profits? These businesses tend to live a long time. In fact, on a global map, Japan stands out for corporate longevity; 40 percent of companies that have remained in existence more than 300 years are located in the country, according to Takeuchi's research.

Based on [interviews by Takeuchi \(pdf\)](#) and his HBS students, who have studied businesses rebuilding in Japan for nine years, here's a snapshot look at how the leaders of four companies jumped into action soon after the tsunami devastated the area.

Lawson delivers food to victims

CEO Takeshi Niinami of Lawson, a chain of convenience stores, watched out his Tokyo office window as skyscrapers swayed. Just minutes before the tsunami reached the Tohoku shore, he sent an order to employees: "Deliver food to disaster victims within seven days. And disregard cost."

During the two vulnerable weeks before government relief kicked in, Lawson delivered 200,000 prepared meals to victims, including onigiri rice balls, bread, and cups of noodles.

The company also took care of its own in an area where 13 employees, including store owners and managers, died in the disaster. Niinami's managers tracked down staff members by foot, securing them housing in hotels, finding supplies for displaced workers, and assuring franchisees whose stores were destroyed that they didn't need to worry about finances.

Meanwhile, rather than focusing company relief efforts in Tokyo, where the majority of Lawson's business was located, Niinami zeroed in on the devastated Tohoku area, knowing it would be a costly decision. In hard-hit Soma City, fear was settling in about possible contamination from the failing nuclear reactors, even though it was far enough away that exposure to radiation was unlikely. Truck drivers were refusing to deliver supplies to the city. Niinami intuitively understood that reopening a convenience store there would bring back a sense of normalcy and create hope for the city's future, Takeuchi says.

So, he called on franchisee Etsuko Kato to reopen a Lawson store in Soma. Kato had seen devastation as well. The tsunami had claimed two of her four Lawson stores and had destroyed her house, forcing her to a refugee shelter. Her mother-in-law and pet cat were still missing.

But Kato, whose husband had died four years earlier, had shown strength by overcoming personal struggle before, and she knew firsthand what supplies fellow shelter survivors needed most. Kato accepted the challenge, reopening her store 11 days after the earthquake struck. Soon afterward, seeing customers flocking to that one store, other stores opened one by one as people in the area regained confidence that life was returning to normal.

Niinami's company also donated lunch to Soma City elementary school students for three days in April before the school could get lunch service going again. When he received an outpouring of gratitude from the mayor and schoolchildren, especially for the desserts, tears sprang to his eyes. "I never ordered that," the CEO, who earned his MBA from HBS, told Takeuchi. "It was my employees who decided on their own to add dessert for the students."

Wise leaders, Takeuchi notes, "bring different people together and spur them to action."

Yakult delivers water and instant noodles to survivors

They are called the "Yakult Ladies," a team that delivers probiotic drinks manufactured by Yakult to customers' homes. Shortly after the earthquake and tsunami destroyed Fukushima, CEO Hiromi Watanabe heard that these workers were fearful the region might never recover, that people without water, electricity, and food would have to flee, the company would lose all its customers, and employees would lose their jobs.

Yakult was certainly hurting—the company's CFO noted that Yakult had lost 30 percent of the market and suggested reducing the salesforce. Instead of cutting staff, however, Watanabe took the opposite approach, reassuring employees the company would do everything it could to retain jobs, deliver health and emotional support to victims, and contribute to the recovery of the community, even if it meant "using all cash and earning reserves of the company."

He distributed \$300 in cash to each Yakult Lady from the company's safe, since banks were closed; used the firm's delivery center as a temporary shelter for employees and their families; and guaranteed jobs to the Yakult Ladies forced to evacuate their homes.

When the supply of the probiotic drinks dwindled due to the Yakult factory shutting down and the Yakult Ladies ran out of products to deliver, some decided on their own to deliver water and instant noodles to their customers, for free. When Watanabe found out, he urged the workers to deliver more items to

victims at shelters.

Watanabe could have put Yakult on a different course after the disaster. Colleagues suggested he close the company's operations until production could resume, noting that employees could claim government compensation. But Watanabe wanted to keep going as best as possible: "I felt that we could regain the loss of our earnings in three years. But we would not be able to restore the trust of our customers for years if we failed to meet their needs at a moment of crisis," he told Takeuchi.

With the company's coffers nearly empty, Watanabe negotiated a loan and continued to retain the Yakult Ladies, paying them 80 percent of their typical pay. Once delivery of Yakult products resumed, it took just five months for sales to reach the same level as the previous year.

"Our HBS students went with the Yakult Ladies while delivering these drinks in Tohoku [years later], and they couldn't believe what they saw, as customers gave little gifts to the ladies and said they have never forgotten March 11 and were so grateful for what the Yakult Ladies did for them at that time," Takeuchi says.

"Employees at all levels should feel encouraged to respond flexibly and creatively to do what must be done for the common good, including those on the front lines."

Yamato donates to rebuilding devastated areas

Makoto Kigawa, CEO of Yamato—a home delivery service of everything from fresh food to skis and golf clubs—sent out a message to all 10,000 employees in the Tohoku region soon after the earthquake hit: "If help is needed, then help. Don't worry about profits."

Kigawa, who believed it was Yamato's social mission to restore services as quickly as possible, managed to resume deliveries 10 days after the earth shook. Inspired by his drivers shuttling goods to survivors on their own, Yamato mobilized 500 employees and 200 trucks on March 23 to voluntarily deliver relief supplies to evacuation centers in the Tohoku region. The program was initially supposed to last two weeks but continued for eight months, until all evacuees were provided temporary housing and the government no longer needed Yamato's help.

Soon after visiting the Tohoku area and seeing the devastation, Kigawa felt it was time to give back to an area that had previously boosted his business with the delivery of fish and agricultural products.

In April, Kigawa announced a corporate donation program to give 10 yen from the proceeds of each parcel delivery to the disaster relief and recovery effort—and in June convinced shareholders to approve the plan. The yearlong campaign raised more than 14 billion yen, about 40 percent of the company's net profits, and paid for several important initiatives to help rebuild local industries in the Tohoku region, including the establishment of a temporary fish market.

"He made the judgment call that the right thing to do was to look after the victims first and foremost, not the shareholders," Takeuchi says.

Fast Retailing keeps its lights on

Although the catastrophe damaged several of Fast Retailing's UNIQLO stores, CEO Tadashi Yanai was intent on the company doing its part to restore a sense of normalcy. Although many other retail stores turned off their lights at night to save on energy costs, Yanai sent a message to store managers as they started to reopen: Keep outdoor UNIQLO signs on.

Yanai believed that keeping the lights on would be important to the community psychologically. Indeed, many customers searching for open stores were grateful to see the UNIQLO signs glowing among all the other darkened stores. "Some customers came in crying, thanking us for opening," one store manager said.

In addition, Yanai wanted to set an example by making the first major individual cash donation to the relief effort, "so that other rich people like me will follow suit." He also donated new UNIQLO clothes to survivors, allowing them to choose items that suited them. Yanai believed helping the community was not just the company's duty but necessary to its survival.

"Not only does a company have to live in harmony with society, but to be accepted, it must contribute to society," Yanai told Takeuchi. "The majority of companies that have failed did not maintain that balance. Everyone is, first, a member of society before one of the company. Thinking only about the company will undoubtedly result in failure."

Companies in Japan think long-term

Volatile periods present the ultimate opportunity for leaders to put themselves in the shoes of those who are suffering and take action to “make the future,” Takeuchi says.

“Many companies are stuck in short-termism, focusing on a strategic plan for five years,” he says. “But a lot of Japanese companies think about 100 or 200 years from now and envision the kind of future they want to create. During the tsunami disaster, the key mindset of executives was: We have to empathize with others. And companies ought to do the same thing now, during the current crisis, empathizing with those who are suffering and trying to figure out how to help.”

About the Author

Dina Gerdeman is a senior writer at Harvard Business School Working Knowledge.

[Image: i-ai]

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COMMENTS



nram

9 days ago

No discredit to Japanese or the corporate Japan intended - Response to a point-in-time catastrophe is typically better worldwide. People, companies and leaders usually come together on these time bound issues. Response to Tsunami that hit India in 2005 is a great example. Responding to long drawn problems that drag for months (like the current pandemic) is more challenging.

Like · Reply

0



Robert C

10 days ago

Very inspiring !! Today companies need this kind of vision to survive, not just to be successful. Our society is one, we all need to contribute, this article gives me the perfect example, thanks for sharing

Like · Reply

0



Japar

16 days ago

I always wanted to understand Dostoevsky's saying “Beauty will save the world”. What the Japanese companies have done is a great example of beauty and kindness.

Like · Reply

0



Ketan

19 days ago

The concept of companies functioning in harmony with the society is commendable. If this concept spreads across the world, disparity in incomes of the rich & poor would narrow down.

Like · Reply

0



Hortense

20 days ago

Great piece! A true reflection and embodiment of customer oriented service! Empathy to customer needs does result in long-term company and social gains! Great piece!

Like · Reply

0



Ved

21 days ago

Great insights for new entrepreneur.

Like · Reply

0

Erick Saavedra

21 days ago

 The Japanese culture is so rich in more ways that I never expected. A true principle is the concept of Ikigai, the balance of doing what you really have passion for and the balance of family, work and life.

Like · Reply 0

 **Shiv** 28 days ago

Disasters bring out best. Leaders and followers start thinking about new challenges, ways out, creative and innovative ideas, brain storming, best ideas emerge, way forward is seen in the best possible ways. People are guided by resilience, economy, compassion and care. People learn to manag, dare and share

Like · Reply 0

 **Sanele** 29 days ago

The jounery of millins miles begin with the first, step not only have the japanies found the success formular to best grow the economy even in their weakest point but they have sustained irrevesable means of ever improving in their society.

Like · Reply 0

 **Tope** 29 days ago

This reinforces the fact that to grow profits, cultivate PEOPLE!

Like · Reply 0

 **Eugene** 30 days ago

Wow.....this is really heart touching. The global business leaders have alot to learn from Japanese companies.

Like · Reply 0

 **Gugu** 30 days ago

Eye opener

Like · Reply 0

 **Ashyashree Praharaj** 30 days ago

"People" form the core of every business activities, not matter whether they are customer or employees. The organization which appreciates the paradigm importance of "People" will enlist themselves to be a successful and sustainable organization.

Like · Reply 0

 **Kadulyu** 30 days ago

I am so much edified by the presentation above.I am a small company in Tanzania dealing with distribution of building hardware. I have experienced the same during the Covid-19 scourge. Business went so low, proceeds were not enough even to cater for the rent and utility bills. The fear instinct told me to temporarily close the business but from nowhere the conscience told me to keep the business open. The business is now improving, albeit slowly. The community in the bustling city of Dar es salaam is quickly adapting to the fact that Covid-19 will be there for a much longer time.

Like · Reply 2

 **Jay** 31 days ago

True example to the world "people and civilisation matters "
I have been associated with Japan for 19 years. I live the everyone one whom I am connected, which made me to think always "
Japan is gods own country "

Like · Reply 0

 **Darshana Samaraweera** 32 days ago

What matters most is the right mindset. That's the key to longevity in business corporate or state.

Like · Reply 0

 **Jorge** 33 days ago

Today more than ever we all have to have that 100 to 200 year mindset. All companies must embrace share value approach and think about all stakeholders and thus do well by doing good. So, our only focus should be in finding the sweet spot between social, environmental and economic returns. This is true long term sustainability.

Like · Reply 0

 **Ronald A. Hayes C.P.M.** 33 days ago

Having worked in 4 Japanese companies in the United States and wishing I could join another one now, I found they all cared more about people than profit. In Japan, Shinto priests visit shrines at manufacturing companies to bless their success and health of workers.

Like · Reply · 1 reply 0

 **shoaib** 30 days ago

Very interesting observation, keen to learn more about the Shinto priests and the practice of blessing companies . I am studying global practices on the making of blessed companies and would be delighted if you could share any insights , or connect me to resources that would help understand Shinto practices , and their impact on businesses .

Thanks
shoaib@catalystor.com

Like · Reply 0

 **Karl** 33 days ago
I am loving in Japan for just 2 years. From my day to day observations and experience. This story seems a bit too fairy tale. Thinking long term is quite not common, except for relationship, in Japan business world.

Like · Reply 0

 **Fahmid Khan** 33 days ago
Great insights. Leadership at its best

Like · Reply 0

 **Richard** 35 days ago
Why is there no reference to TEPCO or the Japanese Government?! Here is the on-line quick take:
Tokyo Electric Power Company (TEPCO) is at the center of Japan's nuclear radiation emergency at Fukushima. Its operations over the past several decades epitomize the government-backed pursuit of corporate profit, at the direct expense of lives, health and safety.

Like · Reply · 3 replies 0

 **Zbigniew** 34 days ago
You don't know what you are talking about, Sir! Not one iota! Have you been watching the TEPCO's practically on-line coverage of the incredible operation to remove the fuel rods to a safe basin? Have you read all the detailed and honest reports they're producing and publishing in real time, constantly exposing themselves to a possibility of showing some fault or accident without a cosy shelter of corporate board room? They have demonstrated their highest moral and human standards during this terrible disaster you could probably not even dream about. Without these the real consequences for Japan and the Japanese people would have been much, much scarier. Be a bit more humble and reasonable, Sir and think!

Like · Reply · 2 replies 0

 **Richard** 34 days ago
? I simply asked a question. Crediting TEPCO with "highest moral and human standards" is simply bizarre. My involvement with Japan and Japanese business covers 40 years. TEPCO, when pressed, represented the dark side of the corporate world - not just in Japan. What would U.S. journalists or academia say in covering the Paradise, California fires? Leave out any mention of PG&E? I have a very high regard for Japan and most Japanese. I have a very high regard for Japanese response to local and national disasters - albeit not as high as my regard for the U.S. in some cases (such as Fukushima). Again, crediting TEPCO with "highest moral and human standards" is simply bizarre.

Like · Reply · 1 reply 0

 **Richard** 34 days ago
I should have been more specific in my earlier response. Along with the terrible loss of lives in 2011 (16,000+), we can run the Fukushima numbers and drill into sources provided by Wikipedia et al.
- The total cost of the disaster was estimated at \$100 billion in May 2012
- 47,000 were forced to leave their homes, many of which were completely destroyed
- Fukushima was the second worst nuclear accident in the world history of nuclear power generation
- "There has been considerable criticism to the way TEPCO handled the crisis."

Like · Reply 0

 **Gloria Ilagan** 35 days ago
People first, profits last. The importance of building strong leadership qualities is to restore trust and confidence in leading people when times are uncertain. Doing the right thing when most things are going wrong is when people need to collectively work together to create stronger foundations for the future. Build relationships, step up to responsibilities and demonstrate respect in all humans.

Like · Reply 0

 **Rainiero Delgado Quintana** 35 days ago
Long term is to think what will be your real legacy in the world.
Long term is to think in the economic value + social value.

Like · Reply 0

 **Ham Bone** 35 days ago
Perhaps other factors are their inherent respect for other people, and accountability for one's actions.

Like · Reply 0

 **Jared Sisk** 35 days ago
Inspiring examples of how companies can be central to social and economic recovery in crises.

Like · Reply 0

HarewoodWynette 35 days ago
These examples are proof of actions companies can take to be antifragile after an unexpected event. Thanks for sharing.

Like · Reply 0

 **MRJ** 35 days ago
Depend on nature & habits. If organizational culture promotes community feeling then definitely CEO & other executives will be more interested in helping the people in such disaster.

Like · Reply

0



paulagoenche

35 days ago

Amazing and motivational

Like · Reply

0



RAM

35 days ago

Very thought provoking article..Good read. Thanks for sharing.

Like · Reply

0



Masahiro Nakagawa

36 days ago

Great summary, Sensei!

Like · Reply

0



research

39 days ago

vision : long term

Like · Reply

0



Dfallah

39 days ago

I believe every businesses must have long-term goal , core values, mission, purpose and vision , however business are surviving because of long-term goal and visionary businesses in fact, in time of crisis business give back to the community for example donation to community, deliver water and food to survivors , providing medical and first aid services for survivors and providing shelter for survivors Indeed businesses are surviving with survivors because businesses is about people .

Like · Reply

0