

Preface

“The era of dynamic change is now upon us.” In this new age, consumer tastes have become ever more whimsical, demanding and diverse. Only the companies that can positively incorporate “change” as a major business and strategic ally will have the capabilities to survive the ruthlessness of this new high competition era. In practice, however, performing this feat is much easier said than done. How can “change” itself be made the key ingredient in the recipe of success? The core objective of this book is to find possible answers to this question through the exploration of the knowledge and insights generated by our detailed case-study analysis of 7-Eleven Japan.

As a standard bearer of revolution in logistics systems, 7-Eleven Japan has consistently been confronted with various business upheavals and uncertainties since its foundation in 1973. Indeed many upheavals have required 7-Eleven Japan to conduct some challenging reformations of its operations. Yet through these experiences, 7-Eleven Japan has clearly been able to establish a unique management concept. It has developed new management techniques and has created unique management systems that have enabled it to cope with the tumultuous changes of the time. Illustrations of these abilities are quite numerous.

It is said that the highly evaluated “*item-by-item management system*” as developed by 7-Eleven Japan was in fact the principal reason why

gigantic retail groups such as Wal-Mart in the US and Metro in Europe made the decision to tie up with the Ito-Yokado group. It is also cited as the motivating factor as to why the usually reticent Chinese government openly granted the Ito-Yokado group a full retail license to operate in the Chinese market.

Apart from this particular management skill, 7-Eleven Japan has also been developing new epoch-making methods, to be discussed later, such as “*joint distribution*” and “*co-development*” well ahead of its competitors. Also the existence of the “*integrated information systems*” must not be overlooked when talking about 7-Eleven Japan’s innovative and advanced management style. Integrated information systems play a key role not only in forming its corporate strategy but also in developing its functional strategies for logistic support, merchandising and store operations.

In this book, although we will spend many pages analyzing the integrated information systems of 7-Eleven Japan, it would be a little one-sided to claim that the source of the company’s strong competitive power lies exclusively in the hardware used. It is very obviously the human elements who utilize the “integrated information system” and who actually run the organization helping it adapt to change. Therefore, we will focus on the importance of the management concepts of Hirofumi Suzuki, the charismatic owner of 7-Eleven Japan and pursue the reasons why 7-Eleven Japan has established itself as such a successful and particularly robust organization.

As there are so many valuable things to be learned from the management systems employed at 7-Eleven Japan, there already exists an absolute plethora of books praising and illustrating the company as the perfect enterprise. This is certainly not the purpose of this book. By using the business structural analysis model developed by Michael Porter, we are aiming for a very objective analysis and in addition to the excellence of the company, we will also look at some of the current problems and difficulties facing 7-Eleven Japan.

It is not only the inclinations of customers that have been rapidly changing in this industry. Several major external environmental factor transformations have occurred, such as industry deregulation and the emergence of a cashless society. These are central issues that could potentially dominate the future of 7-Eleven Japan. How can 7-Eleven Japan cope with these changes? In November 1997, 7-Eleven Japan adopted what is termed the “*fifth integrated information system*” for its stores as a measure to deal with the demands of this new era. We will clearly explain the features of this system that has allowed for such further progress and success.

So when you have finished reading this book, you will be aware of the reasons why in spite of the tough economic conditions, only 7-Eleven Japan has:

1. Achieved profits levels of over 111,000,000,000 yen — the first time such enormous profits have been achieved among retailers.
2. Exceeded its parent company in turnover and ordinary profits.
3. Managed to consistently surpass competitors for nearly 20 years since its foundation.

Moreover, you will get a clear idea on how the convenience store industry will continue to change and evolve in the 21st century. If this book could provide readers with a law for success in this “time of dynamic change”, it would be a source of boundless joy for the author.

Finally, I would like to express my most sincere gratitude to Mr. Yoshio Nemoto, the publisher of Sanno University Press, who has been a constant source of valuable ideas and suggestions during the entire writing process of this book.