Think Deeply, Broadly and Correctly

Essence-Based Innovation Consulting
（Known as: Derukui Consulting）

Derukui Company

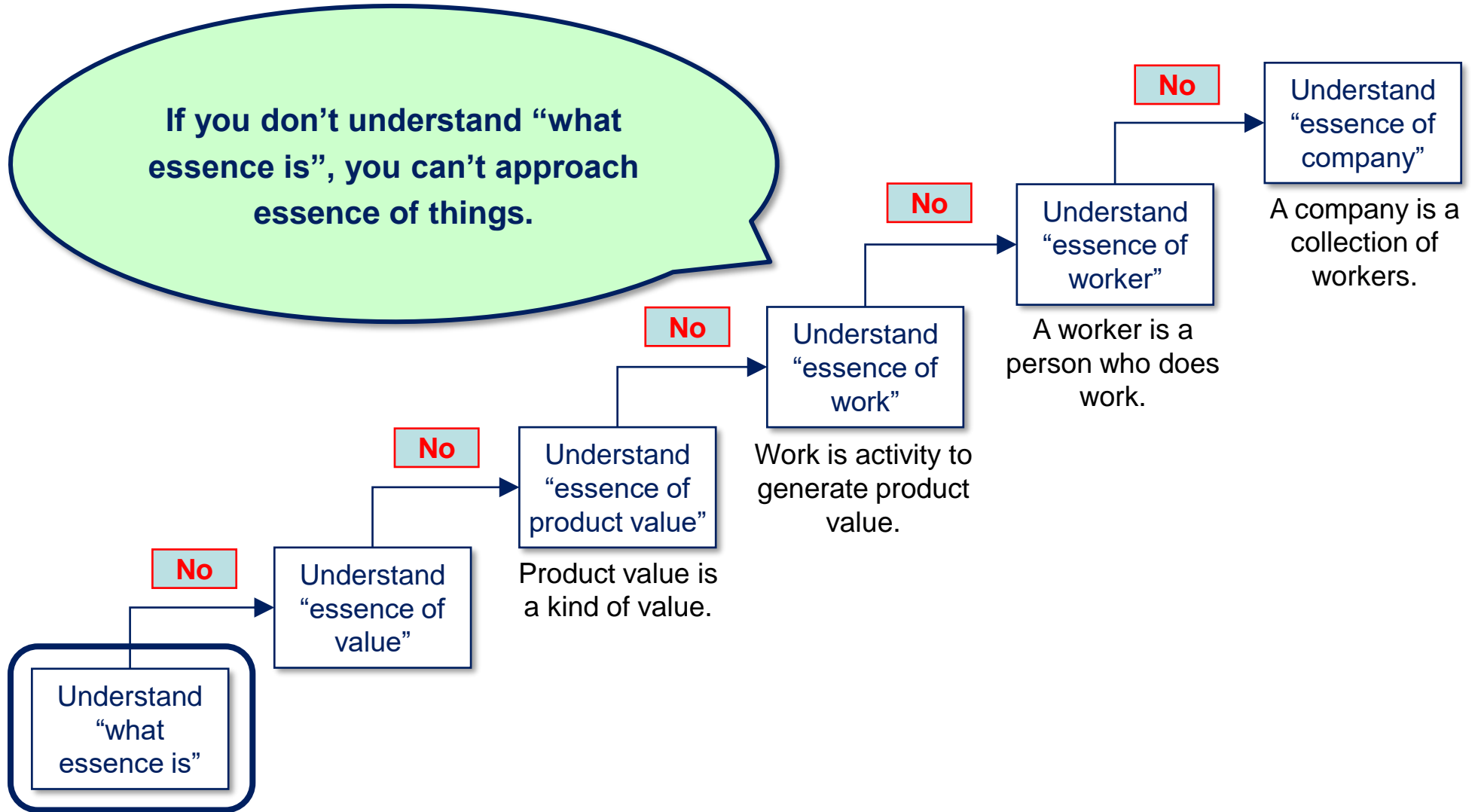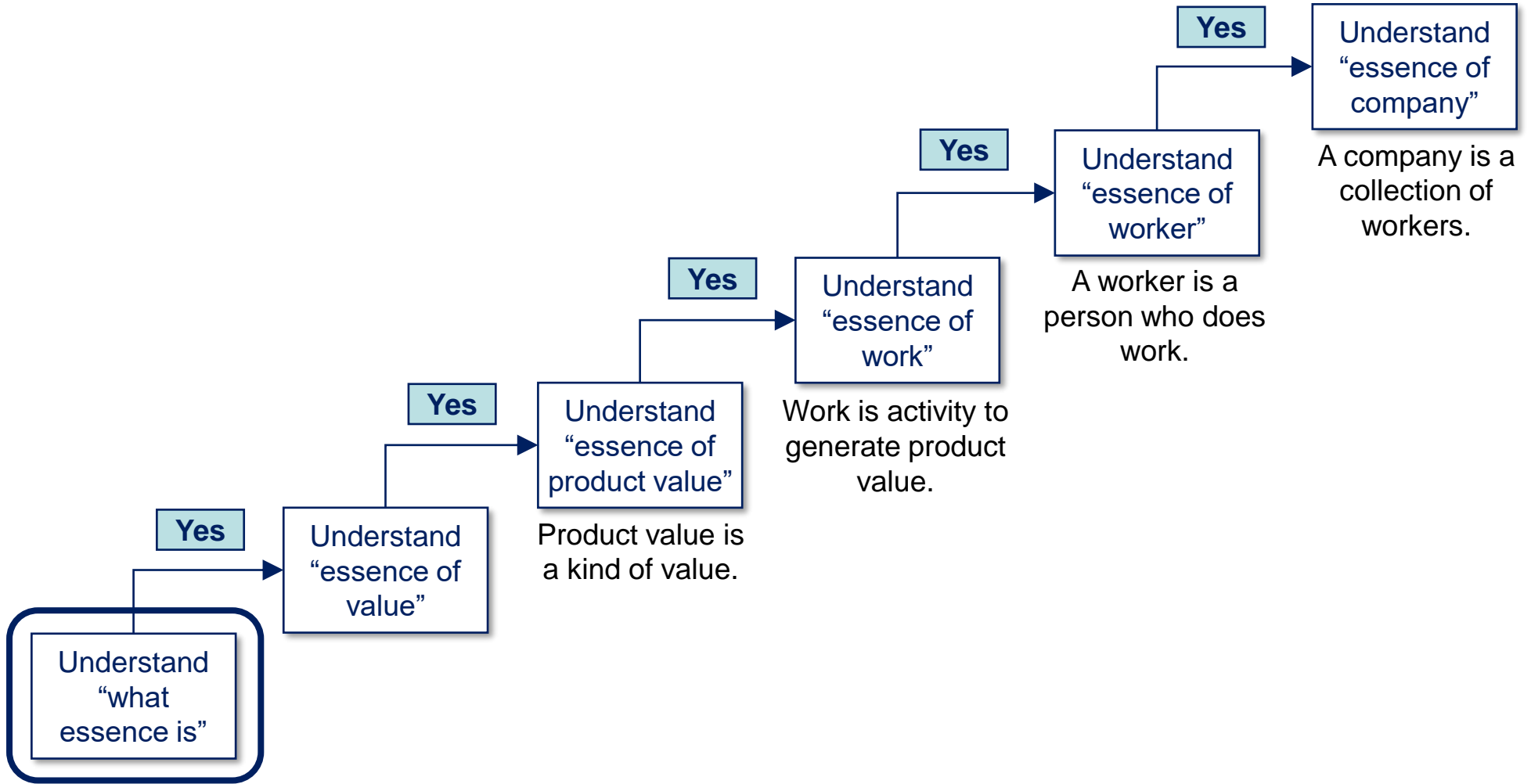# Essence & Innovation

What is essence?

A mystery since the ancient Greek era

There is almost no one
who does not hesitate to answer.

Therefore,
the world cannot approach essence of things.

If you don't understand "what essence is", you can't approach essence of things.

Understand "what essence is"

No → Understand "essence of value"

Product value is a kind of value.

No → Understand "essence of product value"

No → Understand "essence of work"

Work is activity to generate product value.

No → Understand "essence of worker"

A worker is a person who does work.

No → Understand "essence of company"

A company is a collection of workers.

However,
if you understand "what essence is", you can approach essence of things.


```
Understand "what essence is"
  → Yes → Understand "essence of value"
    Understand "essence of value"
      → Yes → Understand "essence of product value"
        Product value is a kind of value.
        → Yes → Understand "essence of work"
          Work is activity to generate product value.
          → Yes → Understand "essence of worker"
            A worker is a person who does work.
            → Yes → Understand "essence of company"
              A company is a collection of workers.
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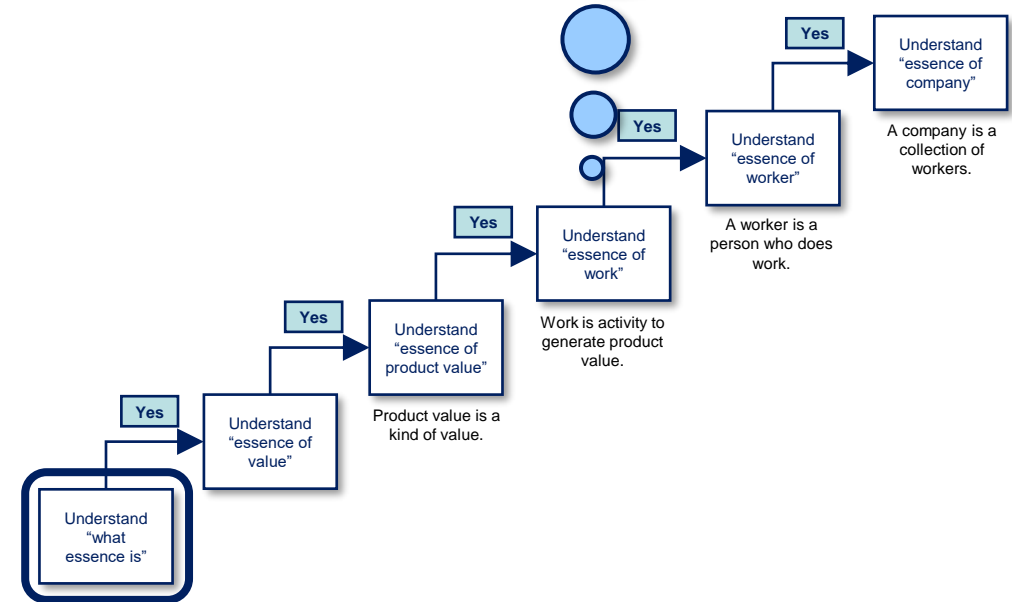
※ Even if you understand what essence is, it does not mean that you can automatically approach essence of things.

A person who can approach essence will have "essence-based common sense breaking ideas."

Common sense ideas
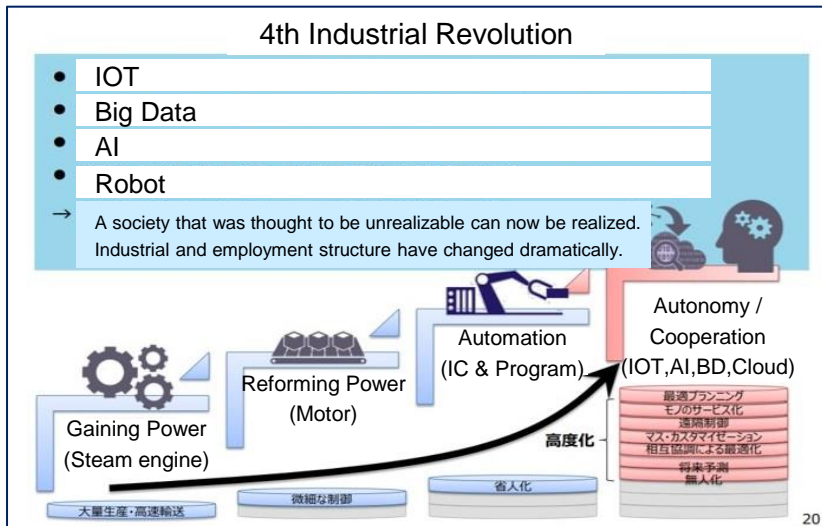(not based on essence)

Totally different

"Common sense breaking ideas"
(based on essence)

People in the world

No — Understand "essence of company"
A company is a collection of workers.

No — Understand "essence of worker"
A worker is a person who does wor.

No — Understand "essence of work"
Work is activity to generate product value.

No — Understand "essence of product value"
Product value is a kind of value.

No — Understand "essence of value"

No — Understand "what essence is"

A person who can approach essence

Yes — Understand "essence of company"
A company is a collection of workers.

Yes — Understand "essence of worker"
A worker is a person who does work.

Yes — Understand "essence of work"
Work is activity to generate product value.

Yes — Understand "essence of product value"
Product value is a kind of value.

Yes — Understand "essence of value"

Yes — Understand "what essence is"

"Essence-based common sense breaking ideas" create innovation.

Innovation From Technological Reforms

< Industrial Revolution >

4th Industrial Revolution

- IOT
- Big Data
- AI
- Robot

→ A society that was thought to be unrealizable can now be realized. Industrial and employment structure have changed dramatically.

Autonomy / Cooperation (IOT,AI,BD,Cloud)

最適プランニング
モノのサービス化
遠隔制御
マス・カスタマイゼーション
相互協調による最適化
将来予測
無人化

Automation (IC & Program)

Reforming Power (Motor)

Gaining Power (Steam engine)

高度化

大量生産・高速輸送　微細な制御　省人化

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Translated from METI website

Innovation From "Essence-based common sense breaking ideas"

< Sony Walkman >
(Iconic Hit of the 20th Century)

"Audio has recording and playback functions"

In the era when that was commonsense, an **essence based common sense breaking idea** "Essentially, audio is a tool for enjoying sound. Even if the recording function is reduced, it should be miniaturized so that sound can be enjoyed ubiquitously." created Sony Walkman.
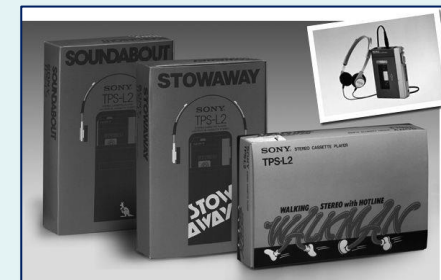
From Sony's website

"Essence-based common sense breaking ideas" create innovation in all areas.

> Essence is in everything.

Innovation of Product(Tangible)

> Tangible product 9 out of 10

< Top 10 Innovations Postwar Japan >

Selected based on a questionnaire conducted by the Japan Institute of Invention and Innovation by defining innovation as "not limited to inventions, but also includes business models and projects."

Endoscope   **Instant Noodles**   **Manga, Anime**   **Bullet Train (Shinkansen)**   **Toyota Production System**

Sony Walkman   **Washlet**   **Family video game console and software**   **Light-emitting diode**   **Hybrid Vehicles**
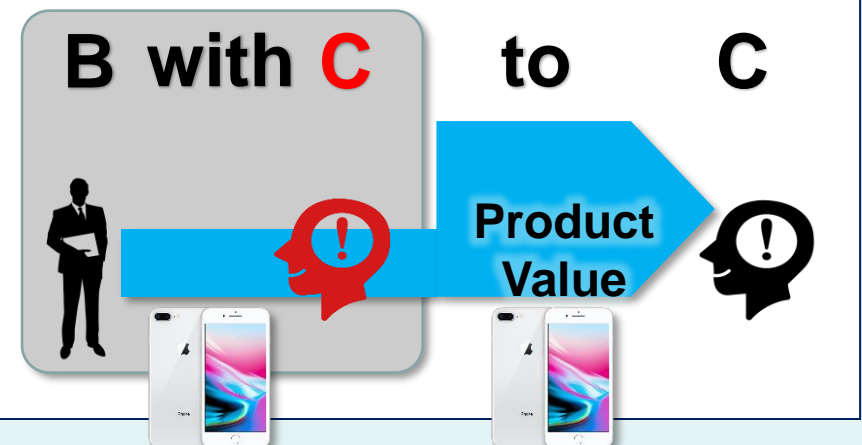
+

Innovation of Technology, Product(Tangible/Intangible), Business Model, Organization

< Apple's platform-based business model >

"B with C to C"
Increase product value by realizing value provision among consumers

B with C   to   C

Product Value

"Essence-based common sense breaking ideas" can not be thrown away.

Commercialization based on subjective judgment criteria

< A Loud Voice of a Crane >

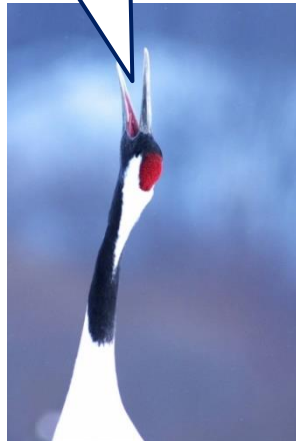**General Manager**
"I can't judge Objectively..."

Manager
"I want precedents at least…"

Proposer
"This idea won't be approved anyway…"

Authority
"I think this is good. So do it!"

> Ideas that the authority dislikes will be thrown away.

+

Commercialization based on objective judgment criteria

< Essence >

Low Risk

high success probability

universal value

first in the world

Giant Market

No Competitor

> Monopolize giant blue ocean

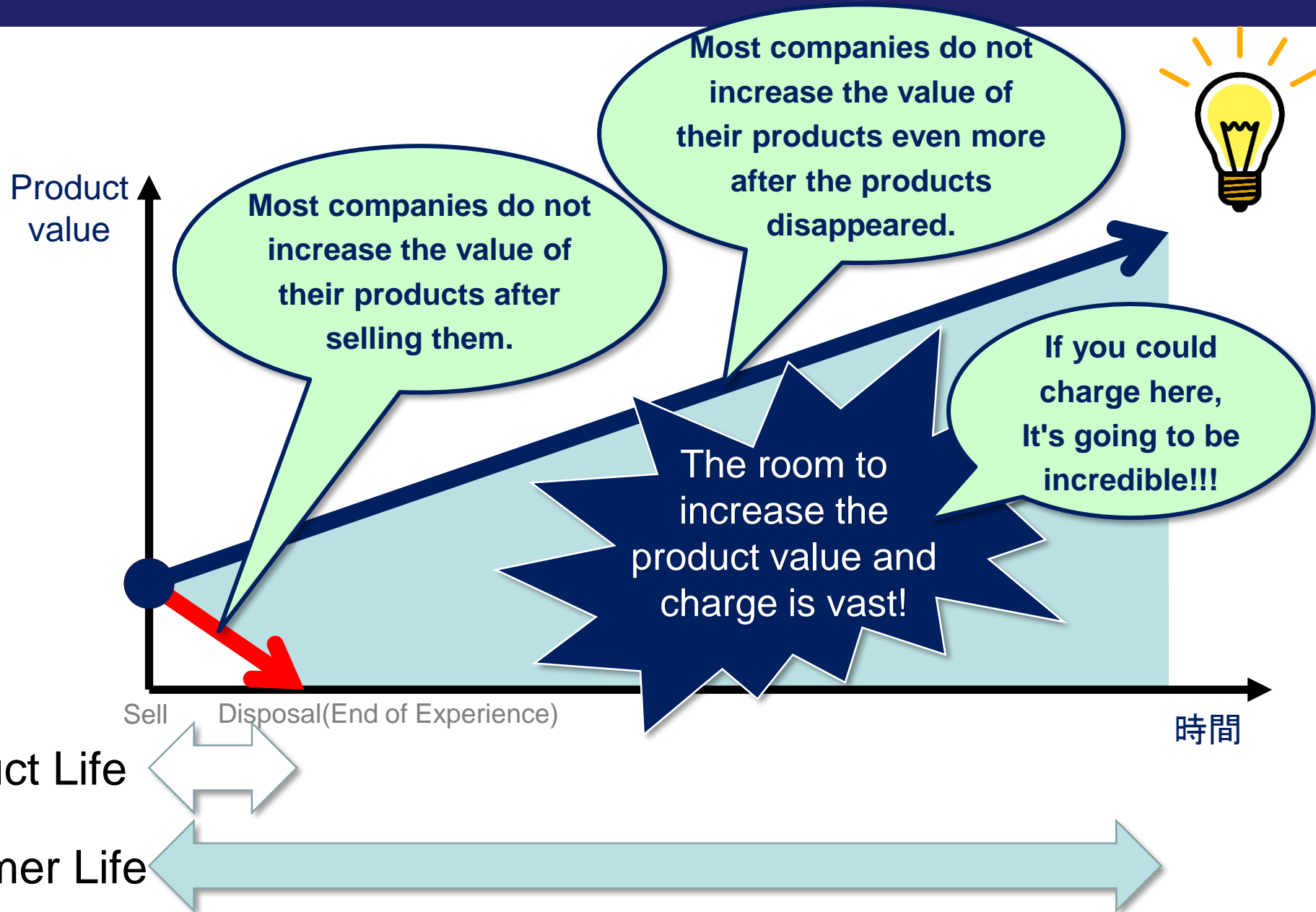# Well known "Essence-based common sense breaking ideas".

Since essence is universal, "essence-based common sense breaking ideas" are also universal.

Universal ideas soon become common sense ideas.

Category	Idea	Company
Mission	Realize a more open and connected world.	Facebook Real Name Registration
Business Model	Help customers sell their applications to other customers.	Apple Smartphone Business
Business Model	Create a system that delivers products with one click.	Amazon One-Click Ordering
Product	Create an e-mail service where e-mail is left forever.	Google Gmail
Product	Increase audio portability by leaving only playback function.	Sony Walkman
Sales Activity	Estimate quantitative management effect of system introduction.	IBM Consulting Service
Supply Chain	Deliver freshly made PCs to users within 5 days of order receiving.	Dell PC Direct
Marketing	Provide people in offices with freshly brewed coffee like cafés.	Nescafé Ambassador

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A genealogy of companies that can approach essence: Sony and GAFA

A start-up company right after World War II

Sony once achieved great growth that the world called a miracle.

A start-up company chased Sony

Founder Steve Jobs said he wanted Apple to be a company like Sony

Start-up companies chased Apple

GAFA

SONY
1946〜

Apple
1976〜
No.1

amazon No.2
1994〜

Google No.3
1998〜
* Alphabet (Holding company)

facebook No.5
2004年〜
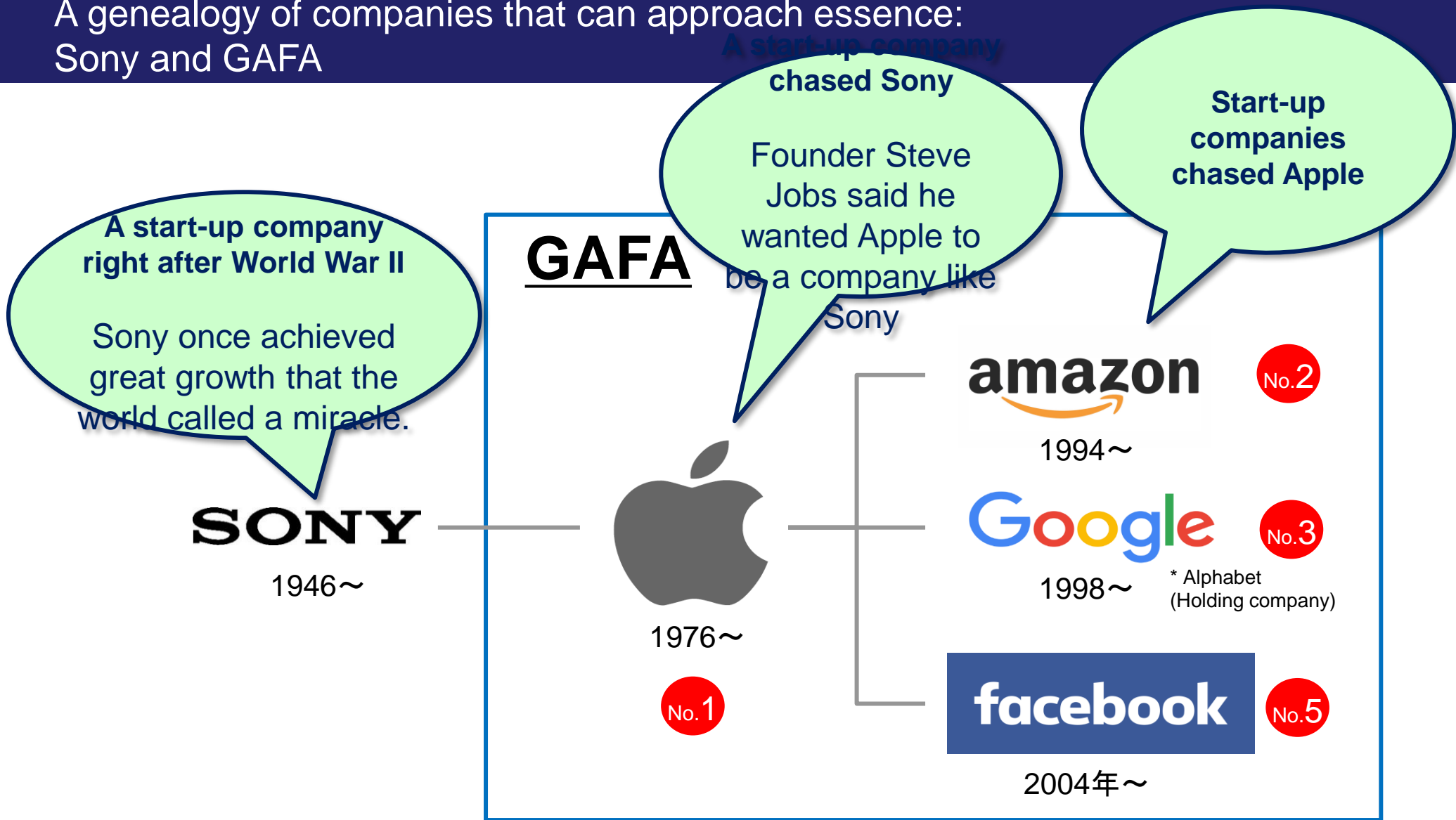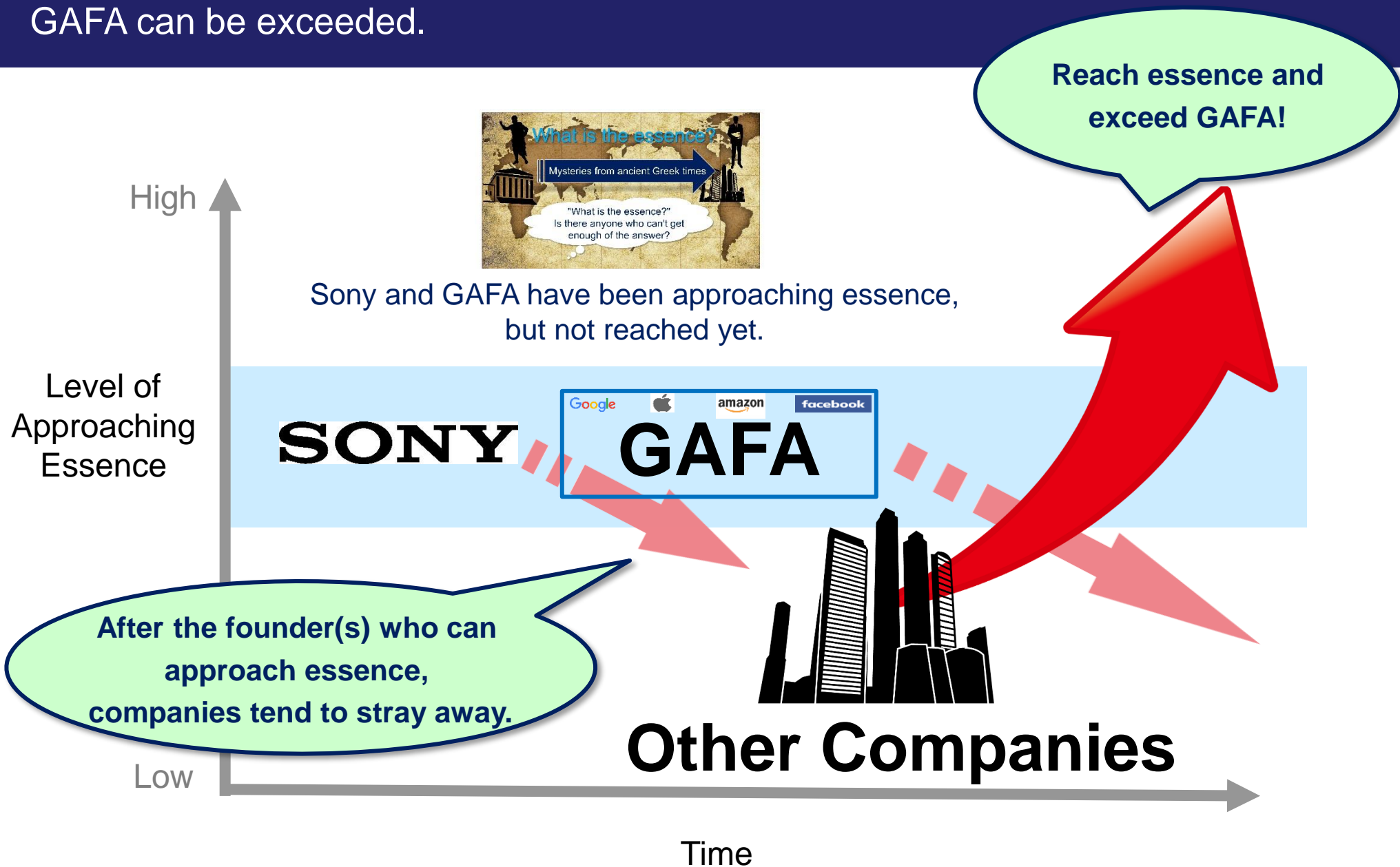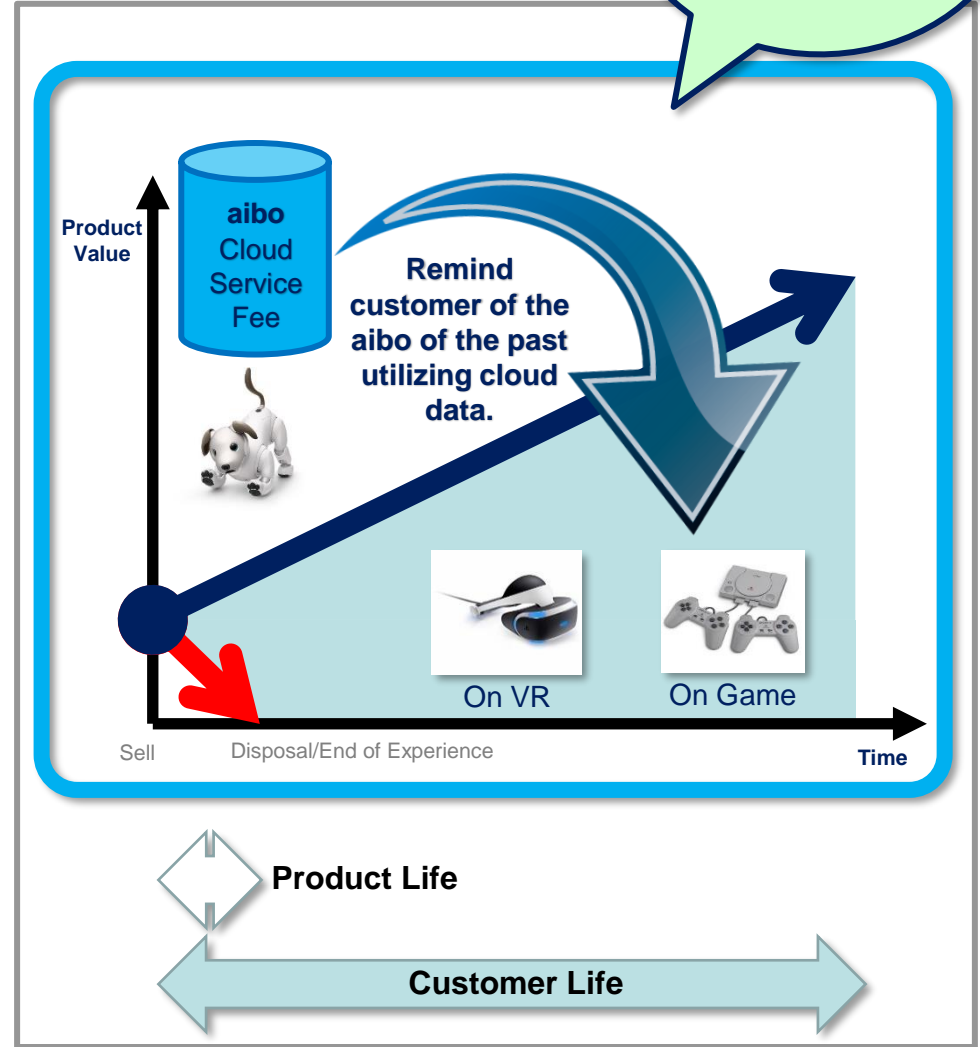
🔴 : **2018 Market Cap World Ranking (from Diamond Online)**

* Since Microsoft is in fourth place, GAFMA monopolizes the top 5 places.

GAFA can be exceeded.

What is the essence?
Mysteries from ancient Greek times
"What is the essence?"
Is there anyone who can't get enough of the answer?

Sony and GAFA have been approaching essence, but not reached yet.

High

Level of Approaching Essence

Reach essence and exceed GAFA!

SONY

Google amazon facebook
GAFA

Other Companies

After the founder(s) who can approach essence, companies tend to stray away.

Low

Time

For example, aibo model far exceeds iPhone model.

Apple has been able to charge while increasing the product value throughout the product lifetime.

Sony can charge while increasing the product value throughout the customer lifetime.

iPhone model

Product Value

iPhone App Sales Commission

Sell — Disposal/End of Experience — Time

Apple can not charge while increasing the product value throughout the customer lifetime.

Product Life

Customer Life

aibo model

Product Value

aibo Cloud Service Fee

Remind customer of the aibo of the past utilizing cloud data.

On VR   On Game

Sell — Disposal/End of Experience — Time

Product Life

Customer Life

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Essence-based innovation Consulting Overview

Service Configuration
Training (Awareness Change) + Project (idea generation & realization)

Awareness Change

Training

Essence-Based Innovation Training (Known as Derukui Training) conduct

→ training In-house production support

→ training external sales support

発展

Idea Generation

Project

idea generation for innovation (technology, product, business model, process, organization) support

formulation of action plan for innovation support

Realization

execution of action plan for innovation support

Training Achievement (examples of companies implemented).

Toyota Motor	Honda Moto
Nissan Motors	Mitsubishi Motor
Hino Motors	Daihatsu Moto
Denso	Aisi
Mitsubishi Hitachi Power	Mitsubishi Electri
Panasonic	Olympus
Pioneer	Murata Manufacturing
Fuji Electric	NEC Communication
Morinaga	House Food
LIXIL	TOTO
Kewpie	FamilyMart
TechnoPro	Asahi Advertising
Kita Japan Bank	Mitsubishi Estate PM

Curriculum

■ Basics: One section at a time in the order of "deeply", "broadly", "correctly" (only "deeply", "deeply" and "widely" are OK).

Think Deeply (2 days)

【Essence】

- <u>What is essence?</u> *

【Value and Product】

- <u>Where is product value?</u> *
- <u>What is value?</u> *
- <u>What is product value?</u> *
- Who is a customer?
- What is a market?
- <u>What is a product?</u> *
- What is goodness?
- What is correctness?

【Work and Company】

- <u>What is work?</u>
- <u>What is a company?</u>
- Socrates' "The Wisdom of Ignorance" *

Think Broadly (1 day)

【Intellect】

- What is information?
- What is knowledge?
- What is wisdom?
- What is a word?
- What is thinking?

【Emotion】

- What is emotion?
- Classification axis of emotions
- What do people live for?

【Will】

- What is will?

Think Correctly (1 day)

【Logical thinking】

- What is logic?
- What is logical thinking?
- What is the difference between certainty and probability of logic?
- What is the difference between essence and attribute for definition?
- Ultimate product strategy
- Professor M. Porter's mistake
- Earning power of dreams
- Win-Win-Win image you aim for

■ Pickups:
- Value-intensive version (1 day): Only value-related themes in the "Think Deeply" section (with *)
- Overall compressed version (2 days): only the most important themes across all sections (underlined)

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Training Administrative Things

■ Number of participants per class:

6(lower limit) ~ 16(upper limit)

Covid-19 Crisis Price
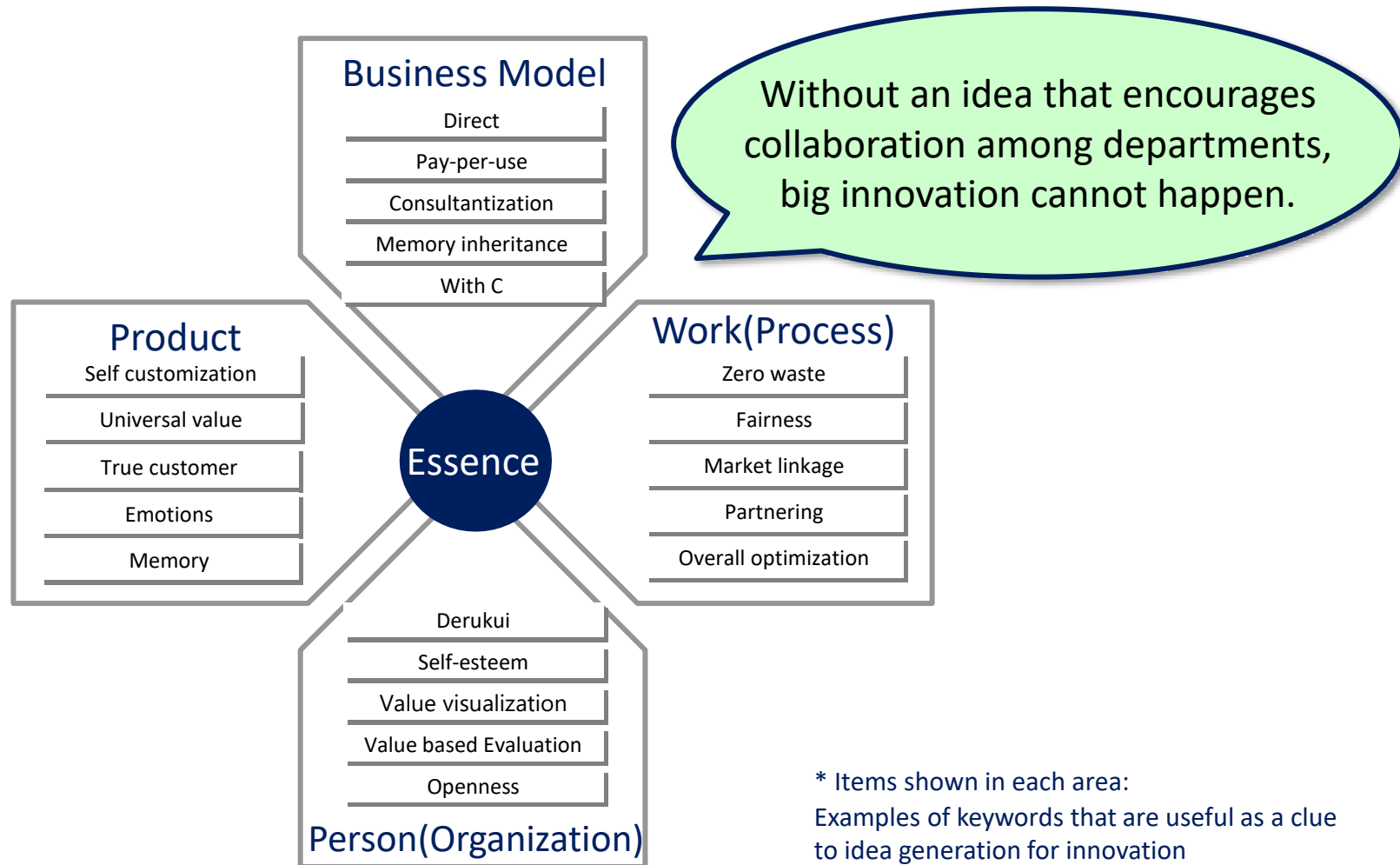Applicable Now

￥50,000 per person per day
(excluding tax)

■ Course fee:

￥70,000 per student per day (excluding tax)

■ Time:

9:30 ~ 17:30 (7 hours/day)　　　※ Lunch break: 12:00-13:00

■ Venue:

Only online for English version (for outside Japan)

※ Basically, we use our Zoom. If you wish to use other tools, please consult us.
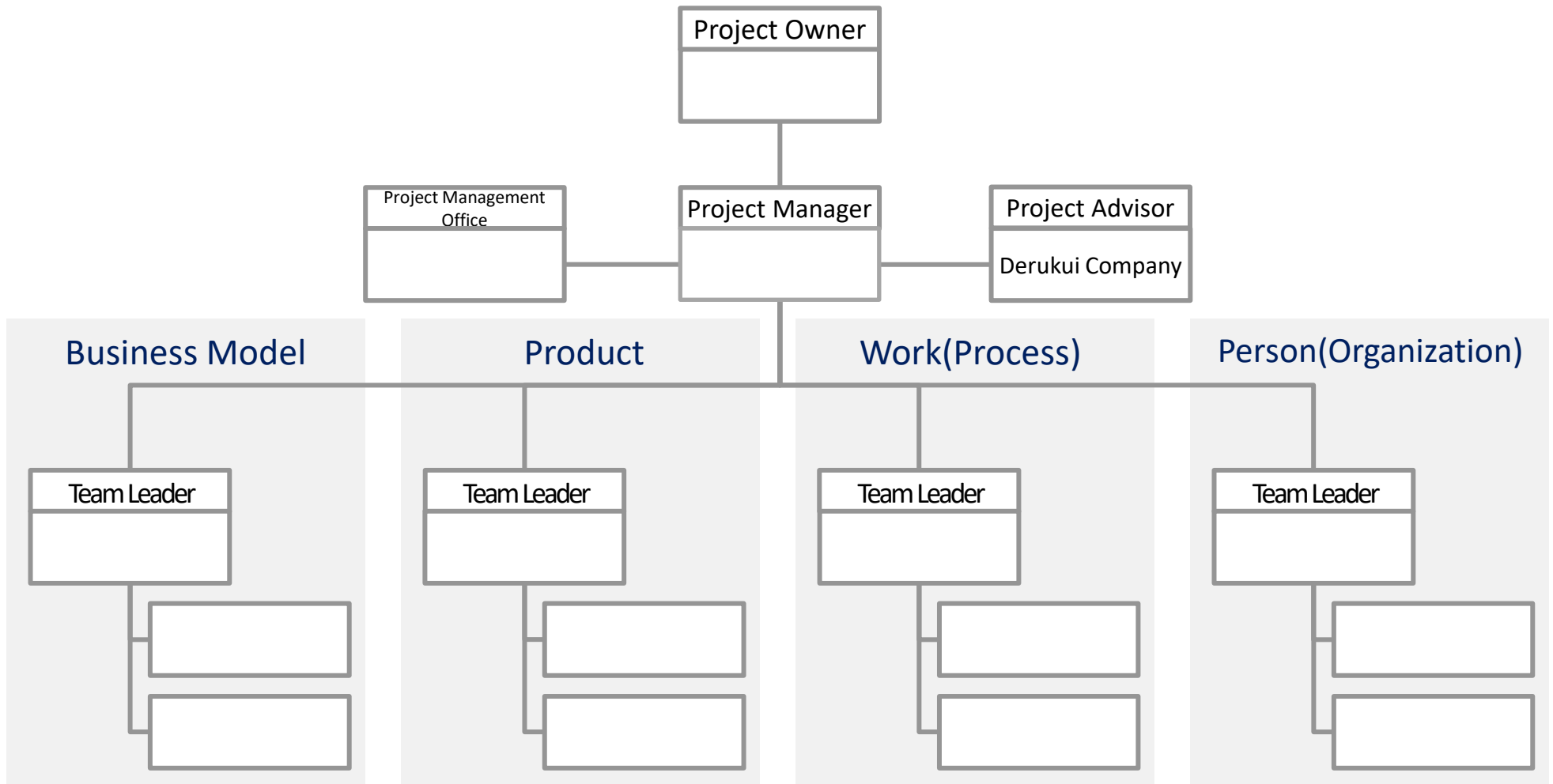
Project Scope

・In company activities, "person (organization)" creates products by operating "work (process)" on the "business model."
・In the project, Idea generation for innovation will be done in all those areas.
・Formulation and execution of action plans covers the territory of the project promotion department.

Business Model
- Direct
- Pay-per-use
- Consultantization
- Memory inheritance
- With C

Without an idea that encourages collaboration among departments, big innovation cannot happen.

Product
- Self customization
- Universal value
- True customer
- Emotions
- Memory

Essence

Work(Process)
- Zero waste
- Fairness
- Market linkage
- Partnering
- Overall optimization

Person(Organization)
- Derukui
- Self-esteem
- Value visualization
- Value based Evaluation
- Openness

* Items shown in each area:
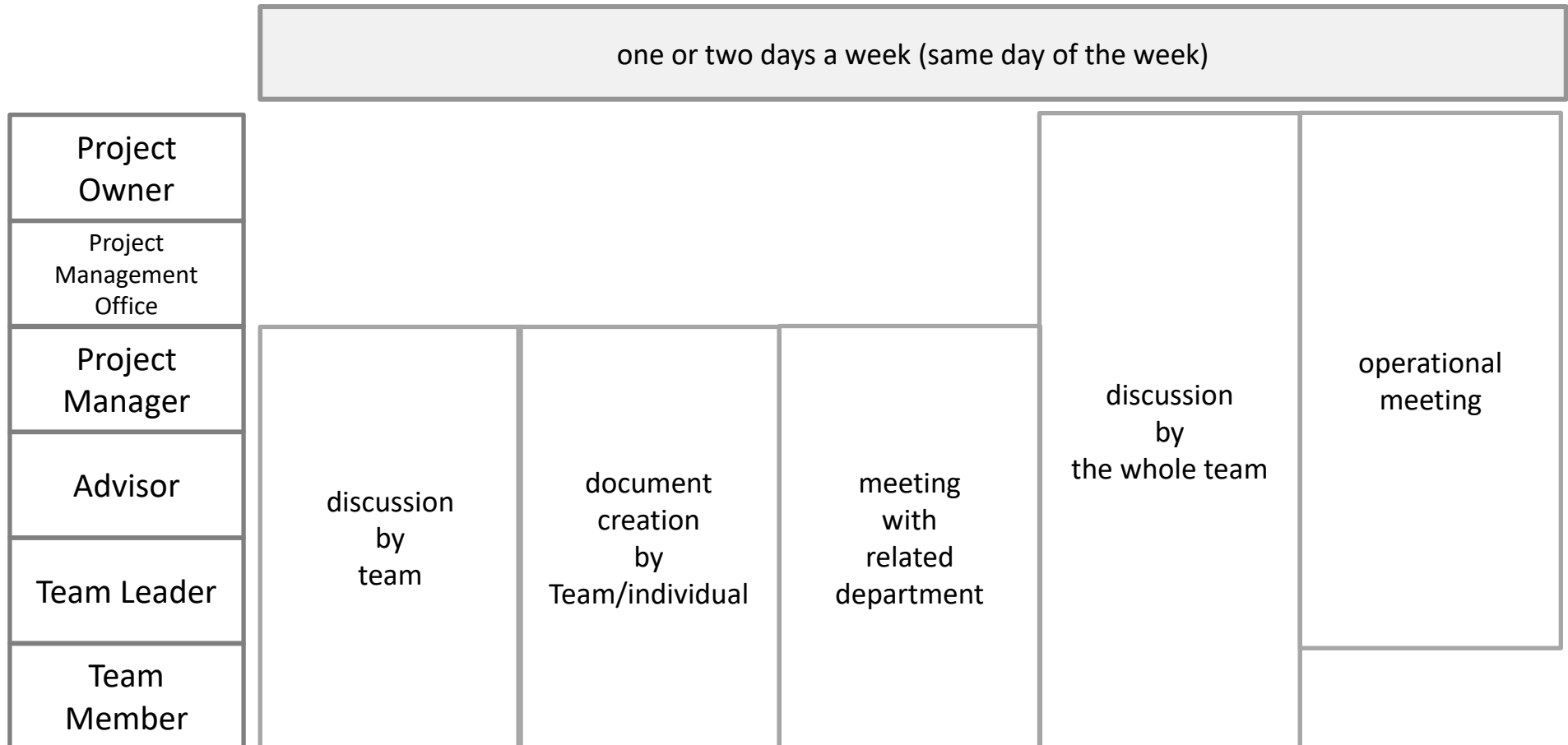Examples of keywords that are useful as a clue to idea generation for innovation

Project Organization

・Consists of more than 10 or more members who have participated in Essence-based Innovation Training.
・Since they have already taken the training, an engagement of one person as an advisor (1 day ~ 2 days a week) from Derukui Company is enough.

```
                          ┌─────────────────┐
                          │  Project Owner  │
                          ├─────────────────┤
                          │                 │
                          └─────────────────┘
                                   │
  ┌──────────────────┐    ┌─────────────────┐    ┌──────────────────┐
  │Project Management│    │ Project Manager │    │  Project Advisor │
  │     Office       │    ├─────────────────┤    ├──────────────────┤
  ├──────────────────┤    │                 │    │ Derukui Company  │
  │                  │    └─────────────────┘    └──────────────────┘
  └──────────────────┘
```

| Business Model	Product	Work(Process)	Person(Organization)
Team Leader	**Team Leader**	**Team Leader**	**Team Leader**

Project Operation

・ Better for members to work one or two days a week instead of full-time (in cooperation with each member's affiliated department).
・ Appropriate duration is about half a year for idea generation and for action plan formulation each (simultaneous parallel is also possible).

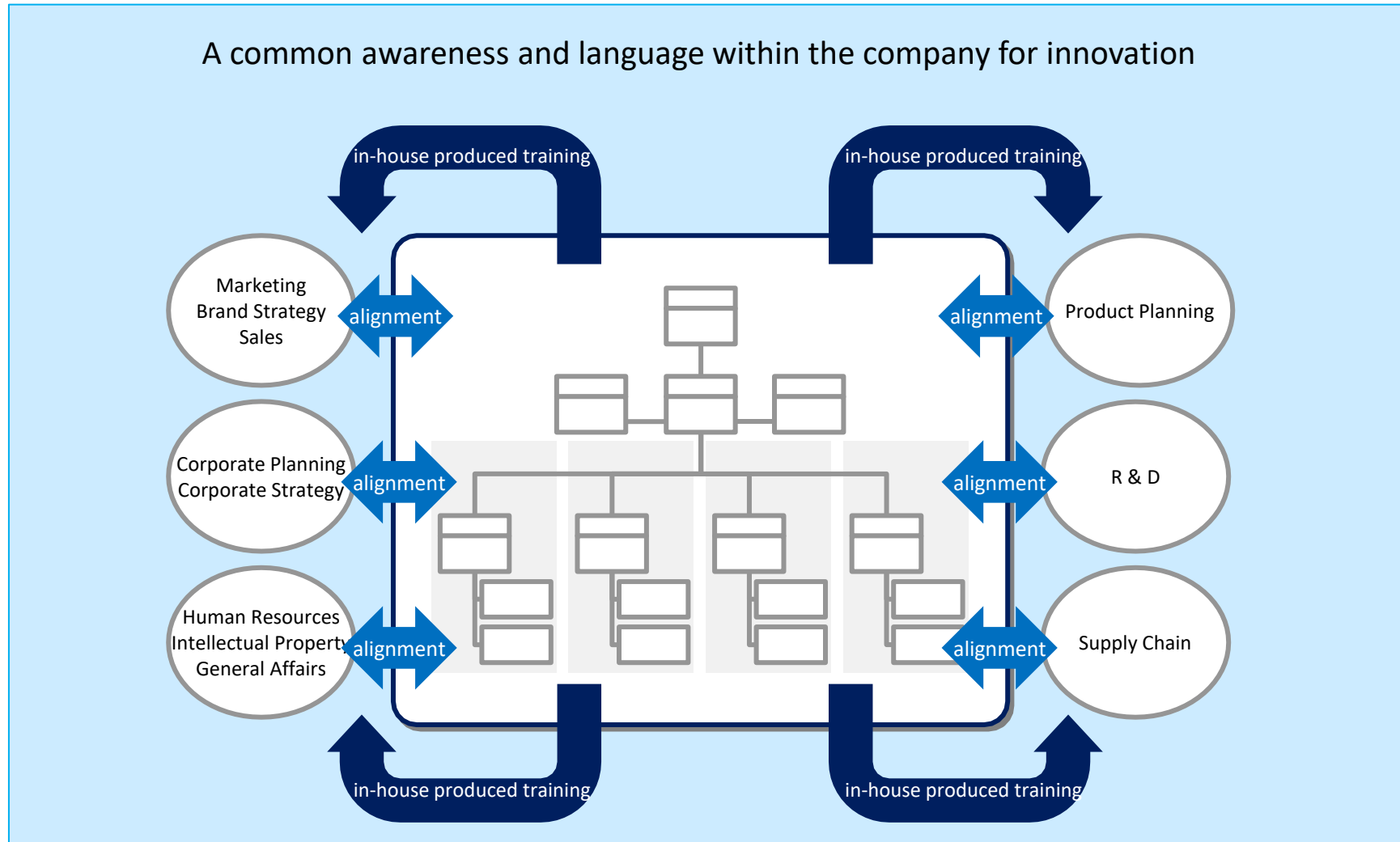|	one or two days a week (same day of the week)				
Project Owner					
Project Management Office					
Project Manager	discussion by team	document creation by Team/individual	meeting with related department	discussion by the whole team	operational meeting
Advisor					
Team Leader					
Team Member					

Alignment with related departments

- From the latter half of the idea generation phase, open alignment with related departments is recommendable.
- Even weak alignment should be OK (a steppingstone for strong collaboration required in the execution phase).
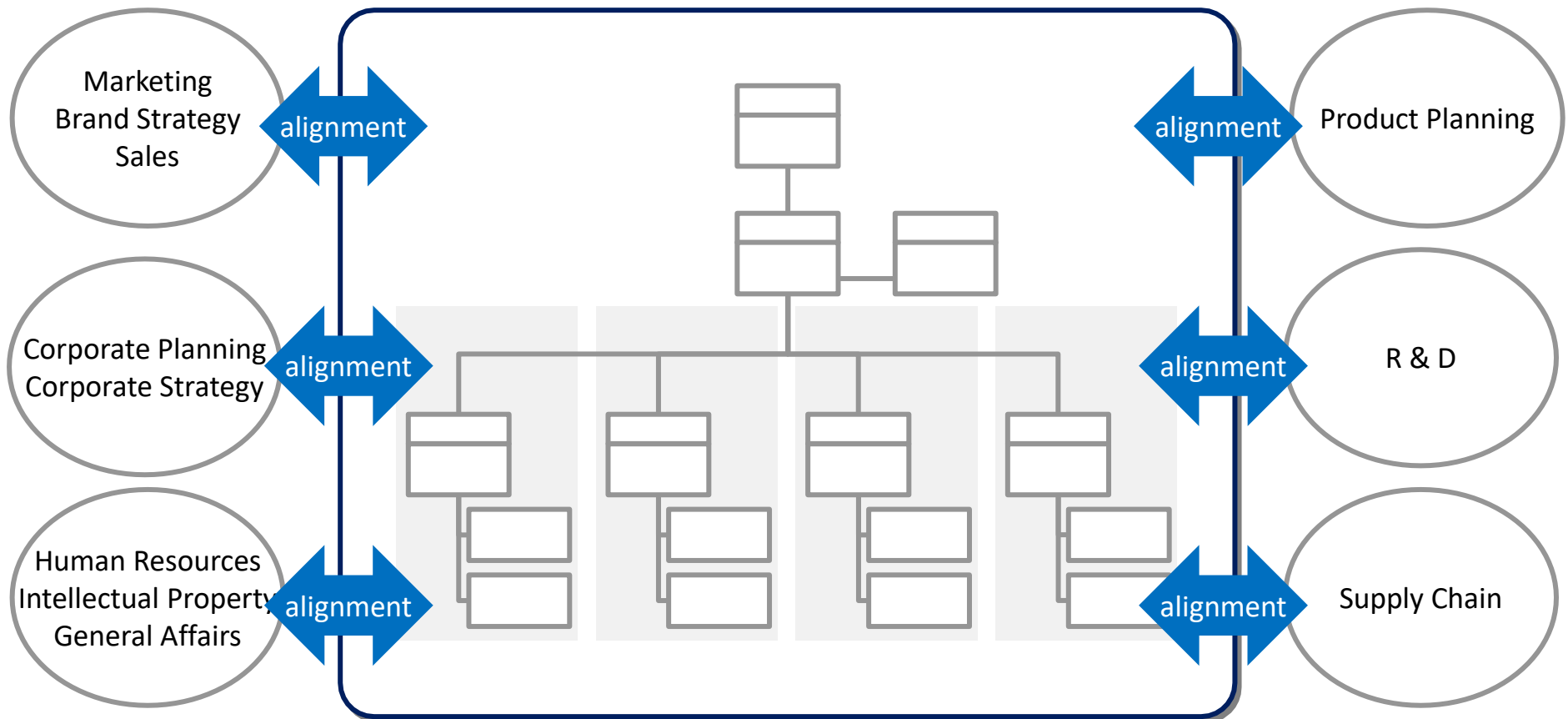
Synergy effect from project and in-house production of training

・By in-house production of training and implementing it in related departments, a common awareness and language within the company for innovation can be built.
・A common awareness and language within the company will be the basis for realizing innovation.

A common awareness and language within the company for innovation

in-house produced training

in-house produced training

Marketing
Brand Strategy
Sales

alignment

Product Planning

alignment

Corporate Planning
Corporate Strategy

alignment

R & D

alignment

Human Resources
Intellectual Property
General Affairs

alignment

Supply Chain

alignment

in-house produced training

in-house produced training

Project Administrative Things

■ Engagement of consultant : 1 person 1-2 days a week (8 hours / day)   * Online is OK

■ Role of consultant :   Advisor

 - Bring the project back to the essence (projects tend to be pulled away from the essence by the reality of the company)
 - Provide a broad perspective (projects tend to think about things only from the perspective of their own department, their own company, and their own industry)
 - Provide a variety of "axes of logical thinking" (Projects tend to fall into illogical thinking with no-axis/ambiguous axes, pulled by complex reality factors)

                    * The consultant will not create the documents. Client must do on their own.

■ Consulting fee (excluding tax) :   250,000 yen per consultant per day (8 hours/day)

 - Monthly amount for 1 day a week (4 days / month):   1 million yen
 - Monthly amount for 2 days a week (8 days / month):   2 million yen
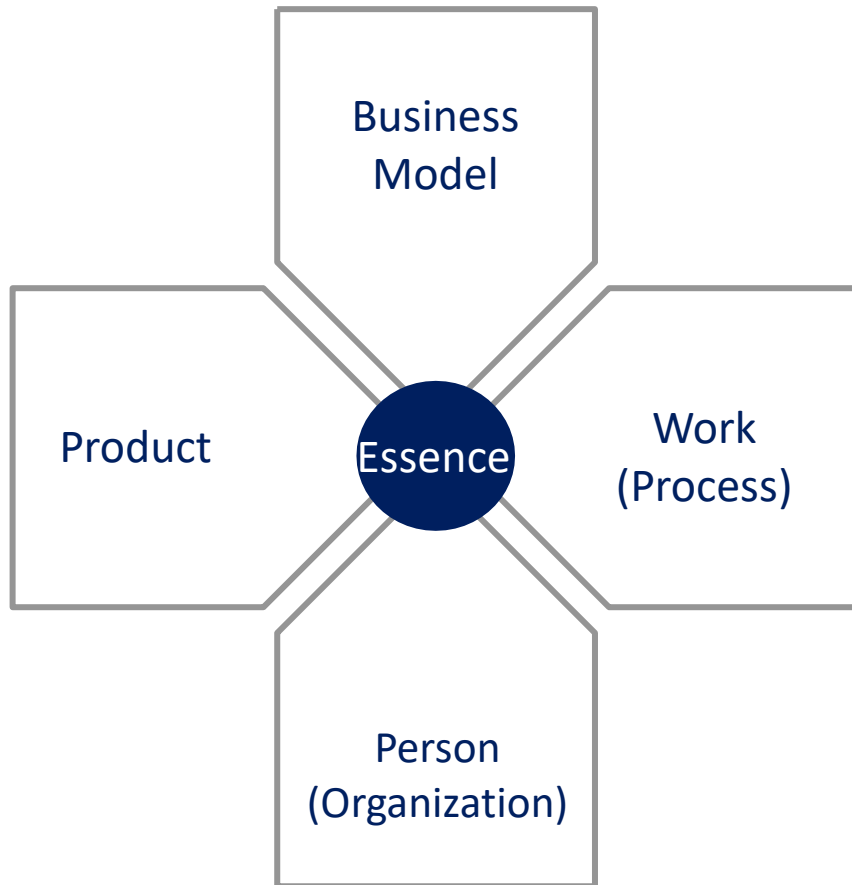
               * For on-site consulting outside the Tokyo area, consultant's travel expenses will also be charged.

■ Contract :   Renew as necessary with a business consignment contract every 3 months

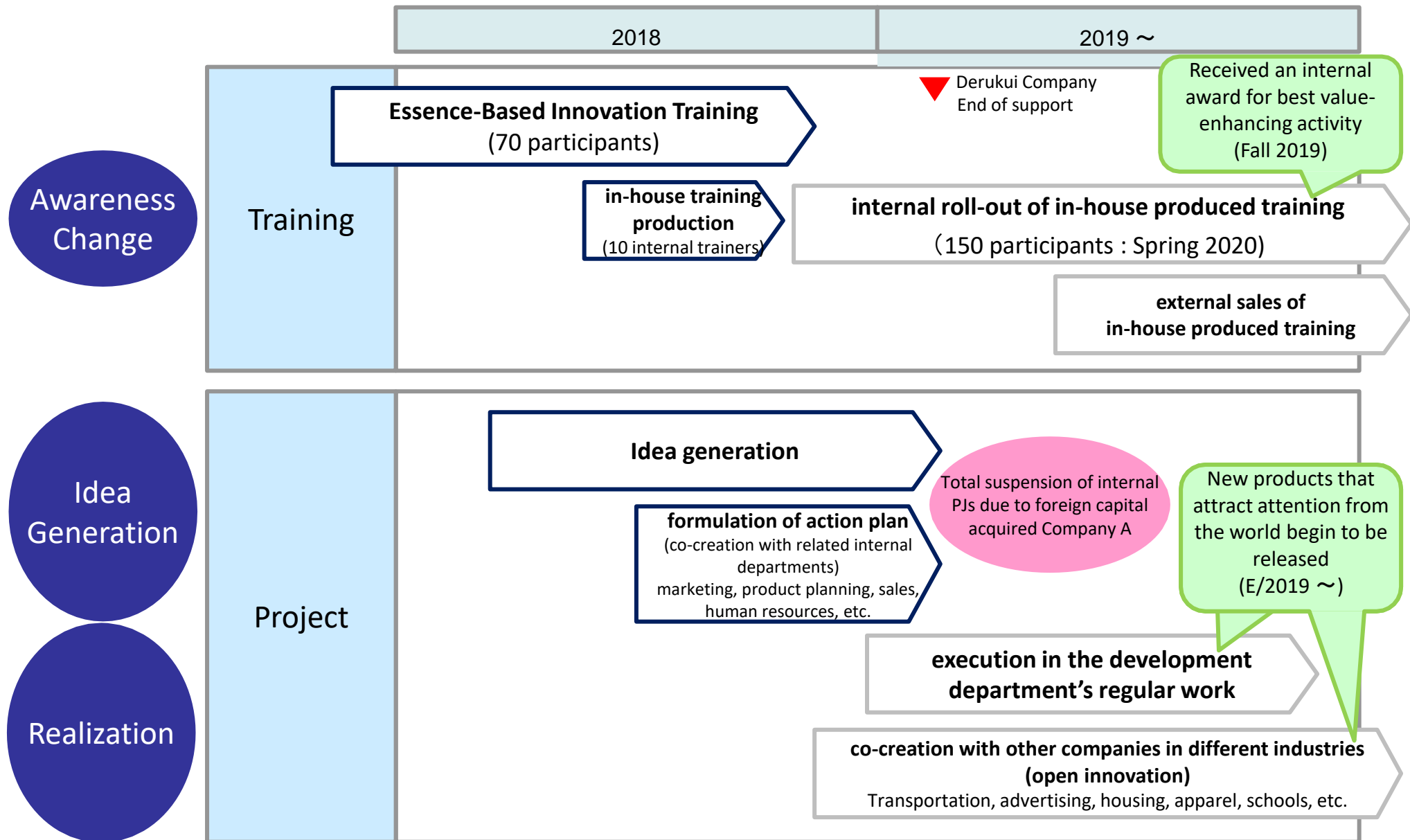Essence-based innovation Consulting
Cases

Company A

Business Model

Product

Essence

Work (Process)
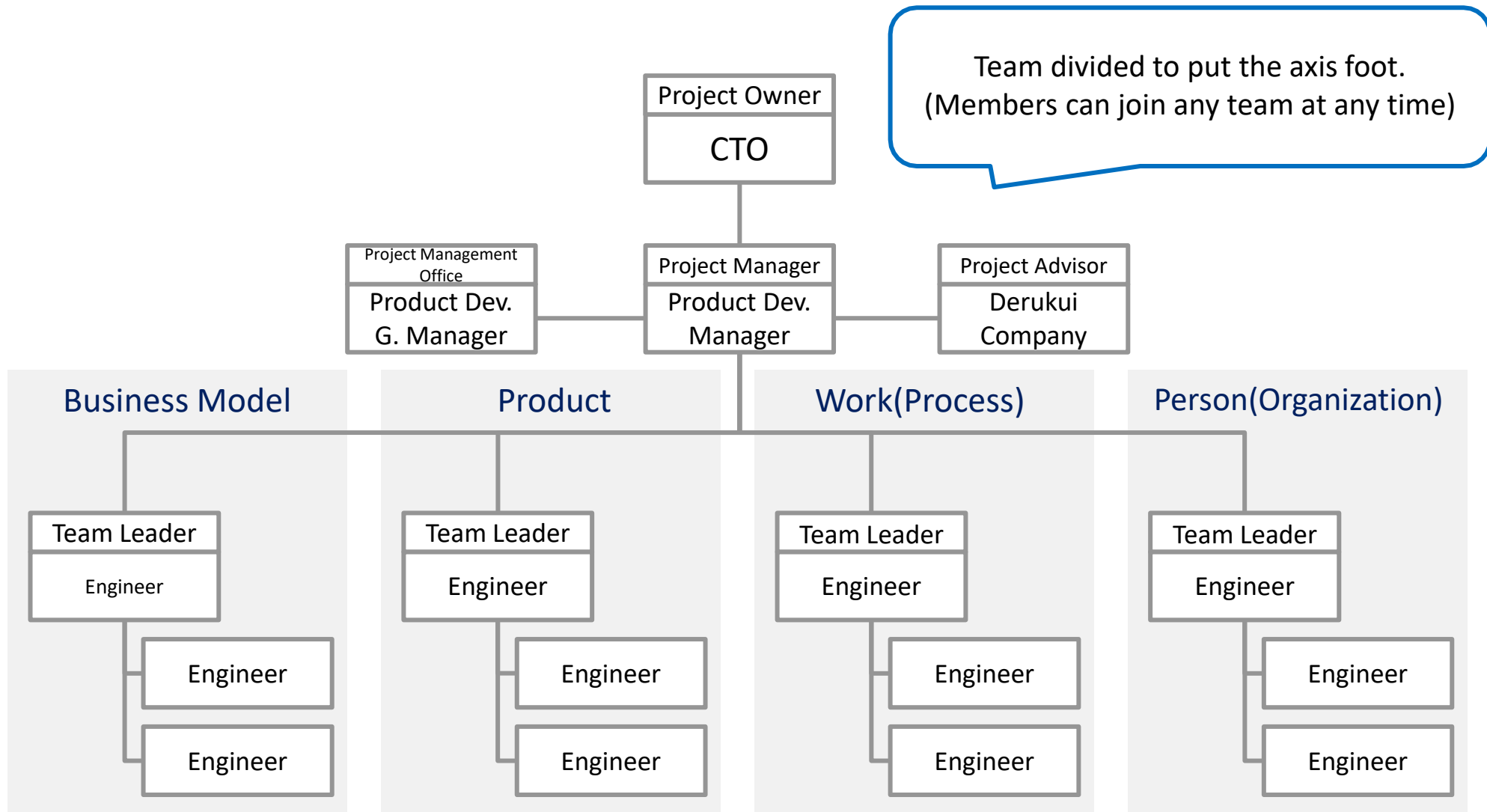
Person (Organization)

< Basic Direction >

- Formulate a "company-wide transformation plan" based on the essence.

  * Not assuming existing common sense.
  * Not thinking in terms of the company's own case (to focus on universality).

- Thoroughly open to both inside and outside the company.

- Output:
  ・ To reflect in the business plan of the Product Dev. Dep.
  ・ If possible, to reflect it in the company-wide med-term management plan.

Company A : Product Dev. Dep. "Company-Wide Transformation Planning Project" Outline of Project Activities

2018	2019 ～

Awareness Change

Training

Essence-Based Innovation Training
(70 participants)

▼ Derukui Company
End of support

Received an internal award for best value-enhancing activity (Fall 2019)

in-house training production
(10 internal trainers)

internal roll-out of in-house produced training
（150 participants：Spring 2020)

external sales of in-house produced training

Idea Generation

Realization

Project

Idea generation

Total suspension of internal PJs due to foreign capital acquired Company A

New products that attract attention from the world begin to be released
(E/2019 ～)

formulation of action plan
(co-creation with related internal departments)
marketing, product planning, sales, human resources, etc.

execution in the development department's regular work

co-creation with other companies in different industries (open innovation)
Transportation, advertising, housing, apparel, schools, etc.

Project Owner
CTO

Team divided to put the axis foot.
(Members can join any team at any time)

Project Management Office
Product Dev. G. Manager

Project Manager
Product Dev. Manager

Project Advisor
Derukui Company

Business Model

Team Leader
Engineer

Engineer

Engineer

Product

Team Leader
Engineer

Engineer

Engineer

Work(Process)

Team Leader
Engineer

Engineer

Engineer

Person(Organization)

Team Leader
Engineer

Engineer

Engineer

Company A : Product Dev. Dep. "Company-Wide Transformation Planning Project" Project Operation

Beforehand, there was some concern that "two days a week is too heavy?"
However, the project proceeded without any problems.
(Increased efficiency as a training effect, cooperation in the workplace)
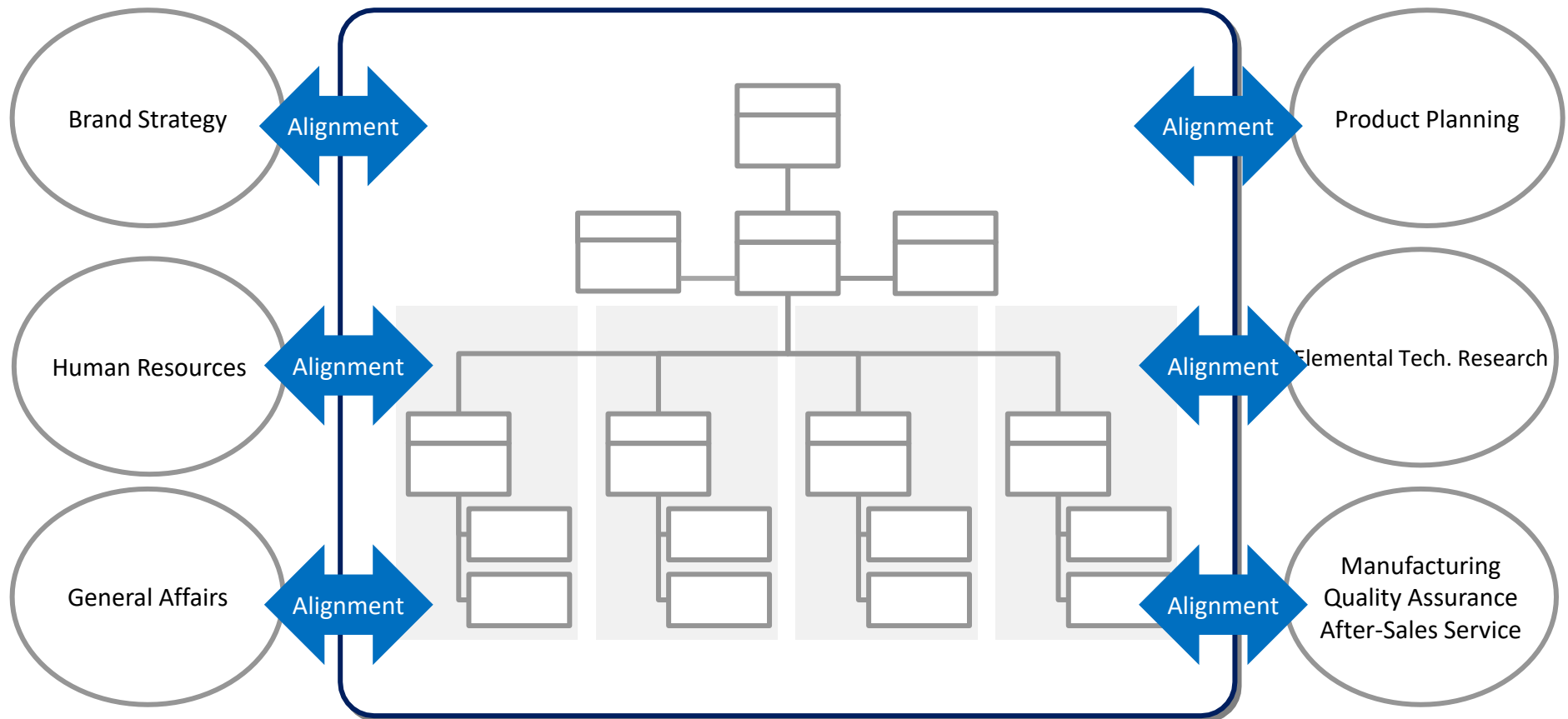
|	Monday		Tuesday	
	AM	PM	AM	PM
Project Owner (Bi-weekly)				
Project Management Office				
Project Manager				
Advisor	discussion by team	document creation by Team/individual	discussion by whole team	operational meeting
Team Leader			meeting with related department	
Team Member				

Later, extended into co-creation with other companies in different industries beyond the company's boundaries. (Open Innovation)

Transportation, advertising, housing, apparel, schools, etc.

Brand Strategy

Alignment

Product Planning

Human Resources

Alignment

Elemental Tech. Research

General Affairs

Alignment

Manufacturing Quality Assurance After-Sales Service

Questionnaire results for 100 in-house produced training participants

Question:
Have you taken any action after taking the training?

Not yet 7%

Now planning 20%

Yes already 73%
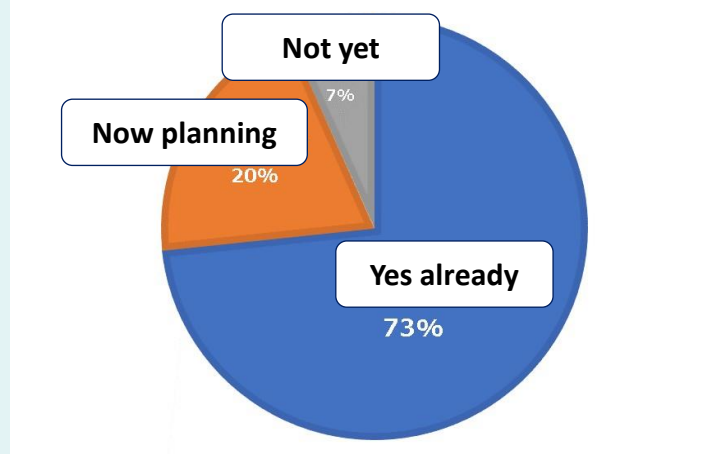
The roll-out of in-house produced training became the driving force for continuing cooperation within the company in regular works even after the total suspension of all projects by foreign capital and led to the development of innovative products.

About 90% take action after taking the training!

- I have had various trainings so far, and I am grateful for the highest ever this time. It was a valuable training for my life.

- Until now, the feeling of "I want to change / I have to change" has been the limit of thinking, but now I have the intention of "let's change".

- Through this training, I was able to make friends who can talk from the same high perspective and level, so I am looking forward to Monday and my motivation for work has increased.

- I will launch a value creation project with our fellow trainees to create innovations from us.

- My sense of values changed completely, and it seemed that the haze was clearing up. I got the idea that I should return when I am at a loss not only in my work but also in my life.
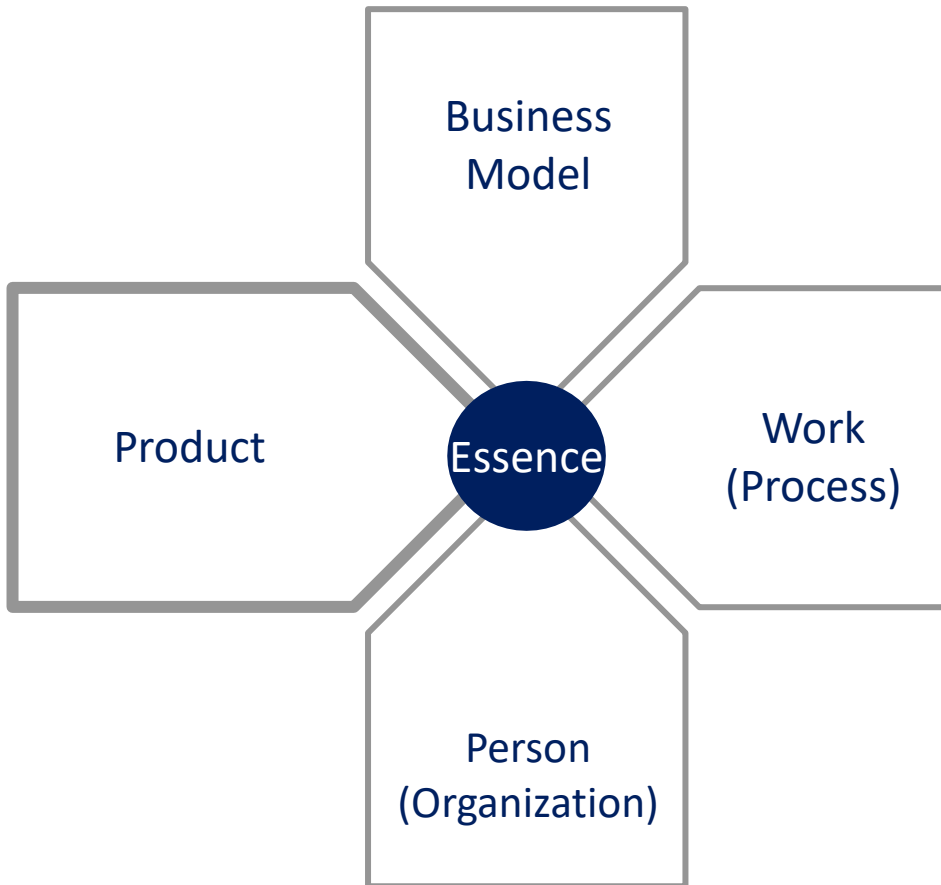
Research started in spring 2019

"The main purpose is to make it the world's highest level research center capable of proactively disseminating intellectual information from Japan in the 21st century to the world."

Company B

```
            Business
             Model

Product     Essence     Work
                        (Process)

             Person
          (Organization)
```
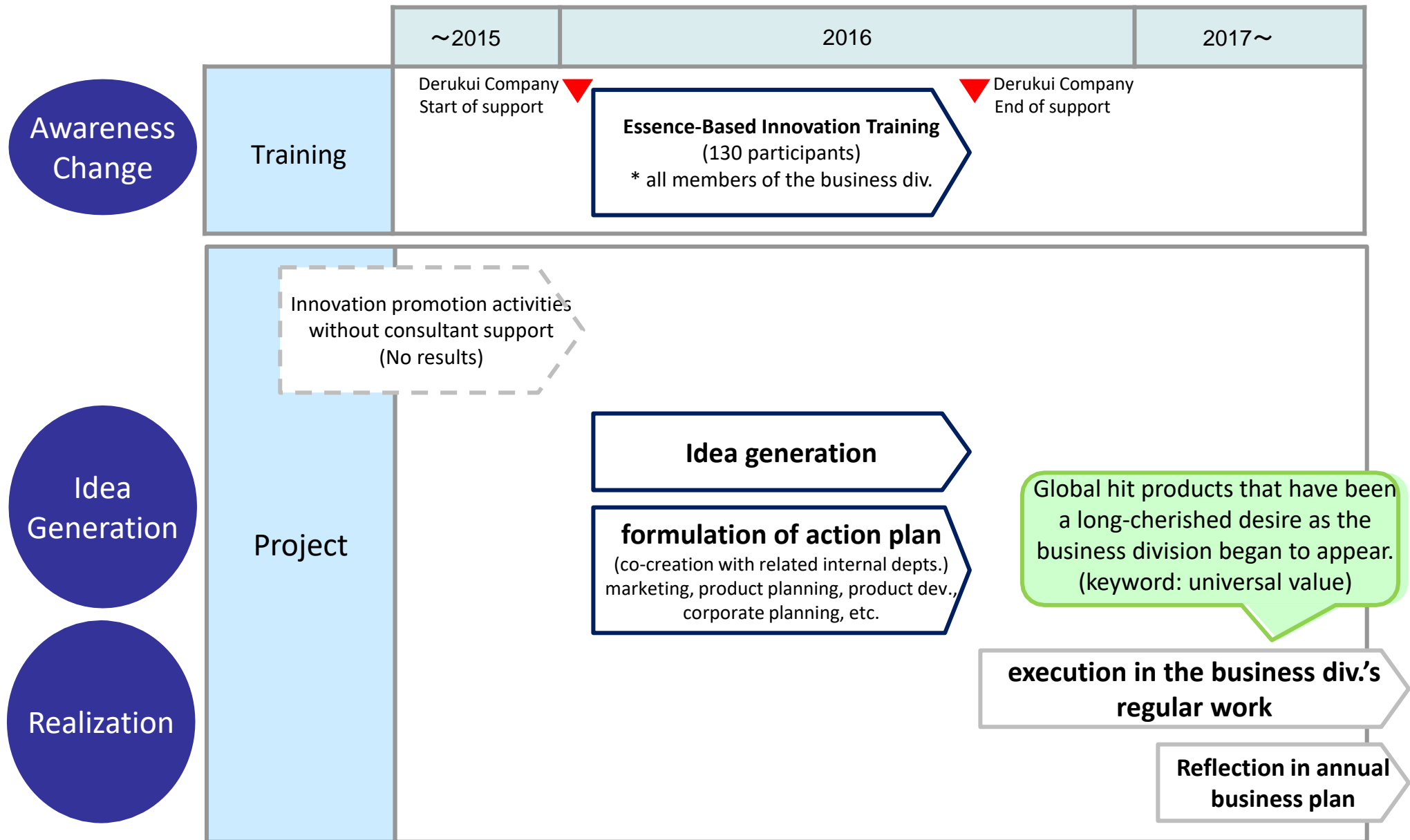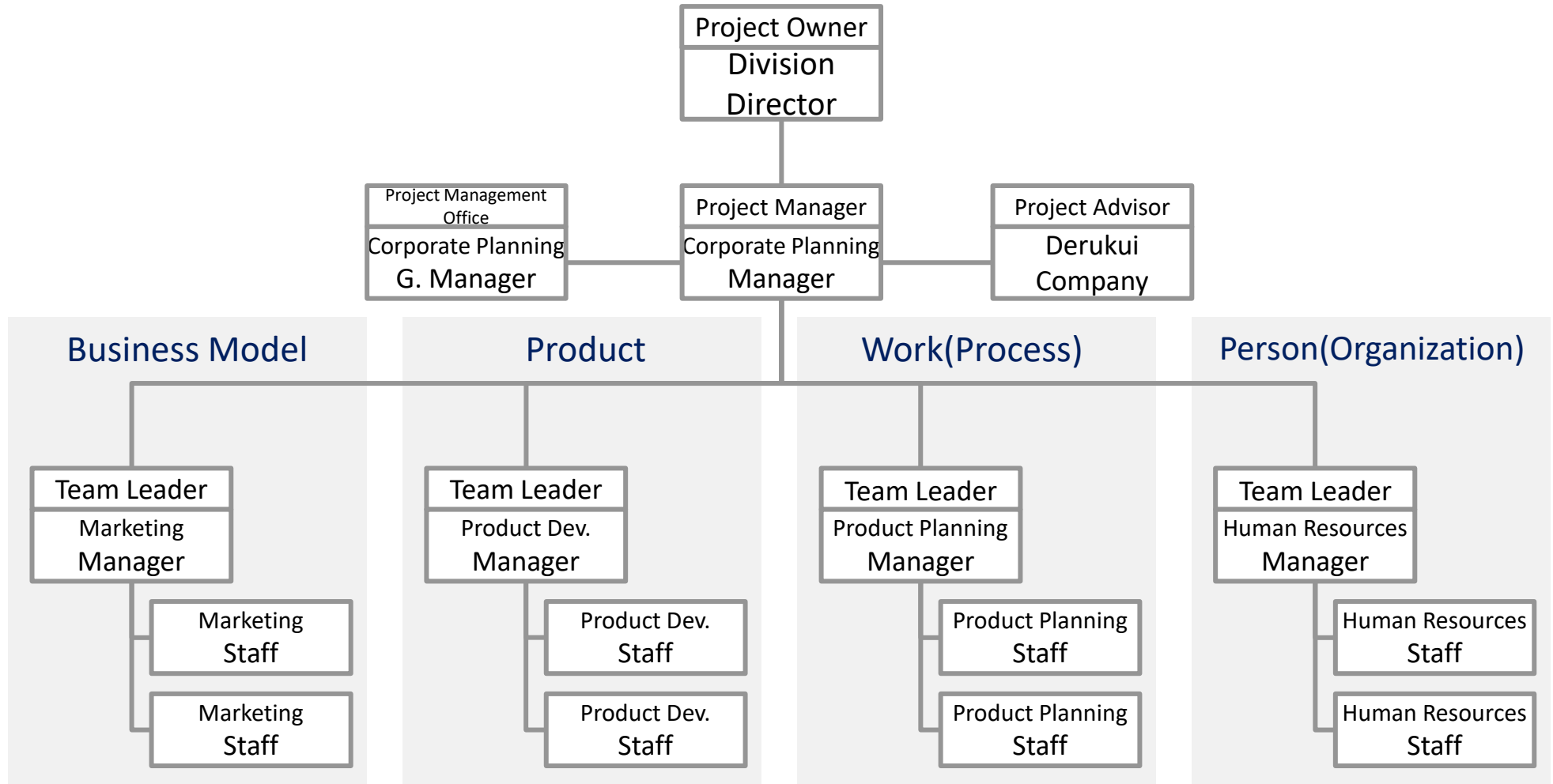
< Basic Direction >

● Review the 4 areas based on the essence.

  * Not assuming existing common sense.
  * Thinking in terms of the company's own case.

● Innovative product development is the top priority

● Strengthen collaboration within the business division.

● Strengthen overseas business

● Output:
・ To reflect in the business plan of the business division.

Company B : HQ business div. "Innovative Product Development Project"
Outline of Project Activities

		～2015	2016	2017～
Awareness Change	Training	Derukui Company Start of support ▼	**Essence-Based Innovation Training** (130 participants) * all members of the business div.	▼ Derukui Company End of support
Idea Generation / **Realization**	Project	Innovation promotion activities without consultant support (No results)	**Idea generation** — **formulation of action plan** (co-creation with related internal depts.) marketing, product planning, product dev., corporate planning, etc.	Global hit products that have been a long-cherished desire as the business division began to appear. (keyword: universal value) — **execution in the business div.'s regular work** — **Reflection in annual business plan**

Members also spent a lot of their regular work time doing activities.

Friday				Progress Report Meeting
AM		PM		monthly
Business Model	Product	Work (Process)	Person (Organization)	

Project Owner (Bi-weekly)					discussion by whole team
Project Management Office					
Project Manager	discussion by team	discussion by team	discussion by team	discussion by team	
Advisor					
Team Leader					
Team Member					

Research started in spring 2020

東京大学大学院経済学研究科 経営教育研究センター
Management Education and Research Center

MERC 経営教育研究センター

mono
MMRC 東京大学
Manufacturing Management Research Center
ものづくり経営研究センター

▼English

| What's new | MMRC センター長挨拶 | MMRC概要 | アクセスマップ | ディスカッション ペーパー | MMRC 関連記事 | MMRC Link | |

２０世紀の日本企業が生んだ 世界的な知的財産である
「統合型ものづくりシステム」
の 研究・産業移転・国際発信に 努力しております。

"The main purpose is to make it the world's highest level research center capable of proactively disseminating intellectual information from Japan in the 21st century to the world."