“The times they are a changing”, defining “long-lived” companies

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1. Time and tide stay for no man

1968 (43rd in Showa era) was the 100th anniversary of the Meiji era. 2025 will be 158th year of the Meiji era and as time marches forward so things change as Bob Dylan’s (1964) ode to change describes, “The times they are changing.”

Figure-1 Table of main era names and dates

Dominical year	Meiji era	Taisho era	Showa era	Heisei era	Reiwa era	Remarks
2025	158	114	100	37	7	
2024	157	113	99	36	6	
2023	156	112	98	35	5	
2022	155	111	97	34	4	
2021	154	110	96	33	3	
2020	153	109	95	32	2	
2019	152	108	94	31	1	Reiwa eras
2001	134	90	76	13		21st century
2000	133	89	75	12		New millenium
1990	123	79	65	2nd		
1989	122	78	64	1st		Heisei era
1968	100	57	43		Meiji era 100th Cereblation	
1927	60	16	2nd			
1926	59	13	1st			Showa era
1912	45	1st				Taisho era
1868	1st					Meiji era

It seems just like yesterday we welcomed in the new millennium reminding us of the great panic over the year 2000 date problem. Some twenty years have since rushed by since this milestone. We are reminded that as time marches forward “Time and tide stay for no man”. It has been some 10 years now since the Great East Japan Earthquake, which is believed to be the largest natural disaster in Japan since the end of WW11. The meltdown of the Fukushima Daiichi nuclear power plant (2011) and the subsequent media pictures and videos that swept the world, recording the deadly tsunami and its aftermath are etched on people’s memory. Similarly, the memory of dim JR and subway stations in Tokyo and around Japan during daytime due to power restrictions because of the subsequent power cuts is also very fresh and will not be forgotten soon.

The Covid-19 pandemic was almost exactly one century after the “Spanish flu” pandemic. Covid-19 was responsible for infecting over 500 million people and some 50 million have died[1)] thus far. 100 years ago, the deaths alone were over 40 million. When one considers the ratio of deaths to world population at the time, it must have been a bewildering terrible catastrophe. 100 years ago, there was neither TV nor internet to keep people informed and with very little information being filtered down to the common people, just how were they able to go about their daily lives during such fear and tragedy?

If that was not enough, shortly after the Spanish flu pandemic, in 1926 a major earthquake struck the Kanto region[2)]. During this reconstruction, the Showa era, which lasted for 64 years, began. It was the beginning of a series of pandemics, earthquakes, economic depressions and sadly wars. However, after the acceptance of the Potsdam Declaration in August 1945, the world entered an economically rich and on the whole socially stable period.

During the postwar period, many companies globally and many Japanese companies such as Honda and Sony were born. Throughout this period of rapid economic growth in the 1960s, many international companies began to emerge in what soon became a global market.[3)] In the 1980s and 1990s, Japan played a role as a leader in the global economy, supported by companies such as Toyota, Nissan, National Panasonic, and NEC. It was the Showa era that embodied fully this economic miraculous revival of the Japanese and global economy.

While start-ups appeared one after another, many long-surviving companies called “long-lived companies (“Shinise” in Japanese) that were bastions of Japanese culture and traditions prospered as well. Many of these long-lived companies have inherited and developed their businesses across multiple periods from Edo era to Meiji era, Taisho era, Showa era, Heisei era and Reiwa era.

We are 4 years into the Reiwa era, before that the Heisei era was 31 years and before that the Showa era lasted 64 years. In human years one would have to be born at the beginning of the Showa era to meet our definition of the “long-lived companies”, which very few humans do. So, the 100 year “long-lived company” exceed by a large margin of 35 years the typical executive’s retirement age of 65. Thus, very few humans can match the “long-lived company” definition”. The nostalgia with which some people still show toward these long-lived companies for Showa era has led to the term “Galapagos people” and is quite different to the feeling of people born in Heisei or Reiwa era.

2. What is a long-lived company?

In this paper, we will consider what a long-lived company is and what its characteristics are.

(1) Definition of long-lived companies

During the Covid-19 pandemic, the Japanese government declared a second state of emergency[4)] and as a result many restaurants were forced to reduce their opening hours and some businesses forced to close.[5)] Many small and medium-sized businesses were not paid any compensation during the Covid-19 pandemic by the Japanese government and were forced to choose between “bankruptcy or business closure”. At the same time, the demise of “more than 200 cases of corona bankruptcy of a long-lived companies” was reported.

“According to Teikoku Databank Co., there were 202 corporate bankruptcies nationwide from January to December 2020. In some cases, companies decided to close voluntarily before going bankrupt, and as a result many more long-lived companies have disappeared from the market.”[6)]

The pandemic has impacted economic activities not only in Japan, but also in many countries around the world indeed, many companies are still enduring an ongoing financial crisis brought about by Covid-19 and additionally, the subsequent global logistics problem which has occurred as a direct result. However, it is also true that there are many companies like Nintendo and Sony that are at their most profitable in their history. Companies which are unable to pivot their business model and have a conventional business model have not been able to prosper as much, this is especially true for small and medium-sized enterprises. The Japanese government when compared to the German government, has chosen to adopt a different approach, the German government along with many governments provided compensation and economic relief for companies suffering during the pandemic. This was not the case in Japan where the Japanese government’s response was described as blunt and completely unreliable.[7)]

In relation to long-lived companies, research from Teikoku Databank Co., which has been working on surveys of long-lived companies for a decade, defines long-lived companies as “more than 50 years’ business history”. By this definition all companies founded before 1970 can be considered as a “long-lived company.”[8)] On the other hand, Tokyo Shoko Research Co. suggests that “a company with more than 100 years’ history should be considered as a long-lived company. In which case “there are 33,069 long-lived companies in Japan that have been in business for more than 100 years as of in 2017. This was an increase of 5, 628 companies (20.5%) from the previous survey (conducted in August 2012). The oldest long-lived company was founded in 578 by Kongo-gumi Co. (Osaka Prefecture), whose main business is the building of shrines and temples. .... Analyzing this data according to industry type reveals the following breakdown: sake manufacturing (850 companies), rental office business (694 companies), ionn, hotels, and liquor retailing (693 companies each) occupied the top slot of sectors for long-lived companies.[9)]”

A question that then arises is which of the two definitions of long-lived companies is accurate? Teikoku Databank Co. or Tokyo Shoko Research Co.? Since both survey results are categorized appropriately to their definitions, both are correct. However, the question arises which definition is the “right” one to adopt? In fact, as this paper will show, both definitions can be appropriate.

We will now examine what kind of enterprises can be considered as “long-lived orthodox companies”?

Figure-2 Number of long-lived companies (2009 Survey by Teikoku Databank)

	Numbers of companies	Composition ratio
Total numbers of companies	1,188,474	100.00%
Over 100 years	19,518	1.64%
Over 200 years	938	0.08%
Over 300 years	435	0.04%

Source: “Conditions the companies which survive for over 100 years”, Teikoku-bank co. ltd, Asahi-shinsho, 2009)

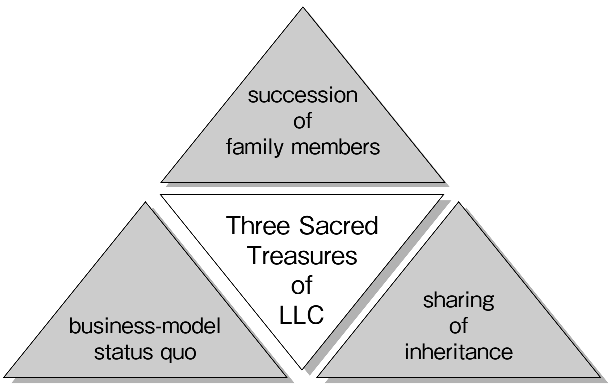
(2) Three sacred treasures of long-lived companies

In 1996, after several years of research on long-lived companies and repeated case studies, we conducted a questionnaire survey on a long-lived company with a history of more than 100 years.[10)] The image of the long-lived company which emerged at that time was the so-called “three sacred treasures of long-lived companies” the “succession of family members”, the “business-model status quo” and the “sharing of inheritance”. In a second survey, conducted some 14 years later in 2008, these “three sacred treasures” still dominated the long-lived companies[11)].

Figure-3　Average value of long-lived companies

	Survey in 1996	Survey in 2008
age	198	143
number of succession	7	5
capital	66 million yen	62 million yen
number of employees	116	126
total amount of sales	50 billion yen	45 billion yen

Figure-4　Three sacred treasures of long-lived companies



According to the survey conducted in 2008, 81% of companies answered, “exhaustive dominance” in relation to “succession of family members”, whilst 8% answered “majority control”, and only about 11% answered “less than six out of ten” and “non-clan domination”. In other words, the image of “succession of family members” reflected the actual condition of the long-lived enterprises. A survey in 1996 showed similar results[12] (Figure-5).

In relation to the “business-model status quo”, 28% of the companies responded that the “business has not changed”, and 36% of companies responded that “the main business was the same”, 22% of the companies responded that “some have changed”, whilst more than 85% of the companies who did respond reported that this was not a significant change. However, the ratio of enterprises which “changed a little” and “completely changed” tended to increase slightly compared with the survey conducted in 1996, than compared to the 2008 survey. It may have been influenced by changes in the business environment such as the IT revolution in the second half of the 20th century, globalization, and the declining birthrate and aging population as indicated in (Figure-6).

Regarding the “sharing of inheritance”, 36% of the companies responded “no”, but more than 60% of long-lived companies reported that they inherited family

Figure-5 Succession of family members

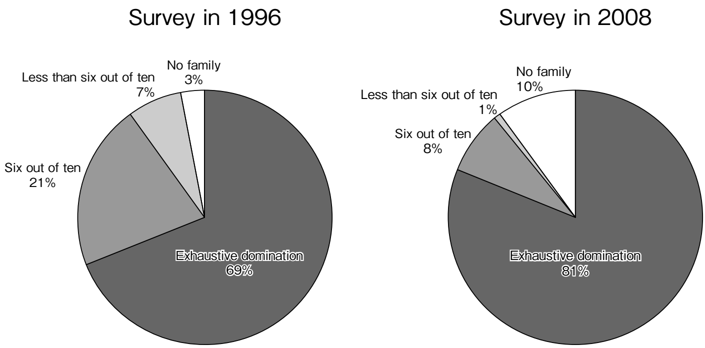


Figure-6　Business-model status quo

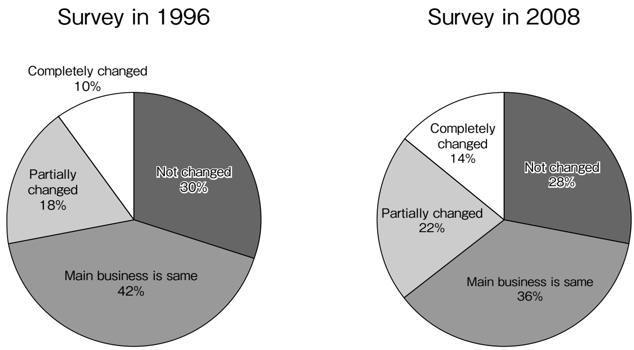
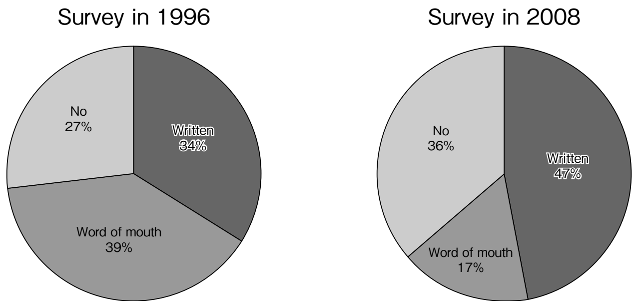


Figure-7　Sharing of inheritance



policy, of which 47% had a written family policy.

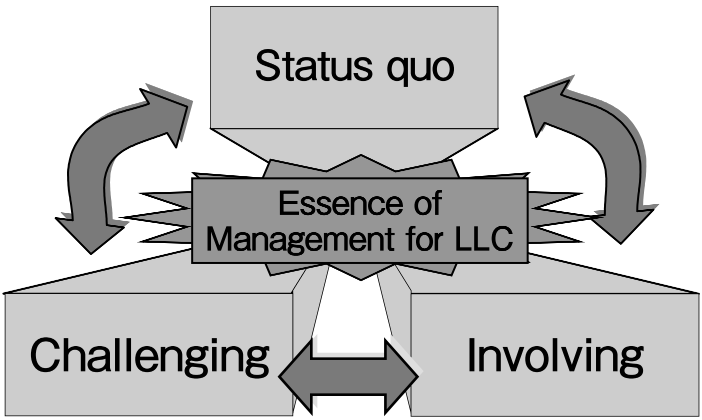
It is clear from these investigations that many of the long-lived companies founded in the Meiji era and Taisho era have three things in common which contribute to their longevity and success. In the next section, we will consider the secret to maintaining longevity of companies, namely “sustainability management”, while reflecting on the research of long-lived companies that we have been able to accumulate thus far.

3. Essence of sustainability management

For companies to thrive and prosper in the longer term, it is necessary not only to temporarily demonstrate competitive advantage, but also to maintain and strengthen this competitive advantage over the long term. In this paper, we will refer to the the management of such long-lived companies as “sustainability management.”

To build sustainable competitiveness, the management resources possessed by the entity, and the utilization of these resources is paramount. What kind of management resources and indeed, just how to create value is a critical first step regarding the strategic action of companies? It is further important to develop a method of resource utilization that the competitor cannot imitate. In this case, if it can be linked well with historical uniqueness, that is, the company’s own historical assets, it becomes more difficult for other companies to imitate. In addition, long-lived companies that have experienced a variety of changes over a longer period and have been able to overcome them, will have a relatively large number of

Figure-8 Essence of management types for long-lived companies



choices and combinations of options and knowledge from a historical perspective, a long "learned memory" if you will. Therefore, it becomes possible to advance things more advantageously than new enterprises and adapt to new changes by referring to the entities history when faced with such challenges. In other words, it can be considered that management which can create sustainability (sustainable competitiveness), and which has the ability to adapt and change built-in to the enterprises DNA, as it must have to be able to survive for so long will possess a longer-term inherent advantage as compared to its competitors.

From numerous surveys of the strategic behavior of long-lived companies and numerous case studies, we have extracted three factors as the essence of sustainability management: "Challenging", "involving" and "Status quo"[13)] Let's consider "long-lived companies in coming era" based on the management behavior of long-lived companies around these three facets.[14)]

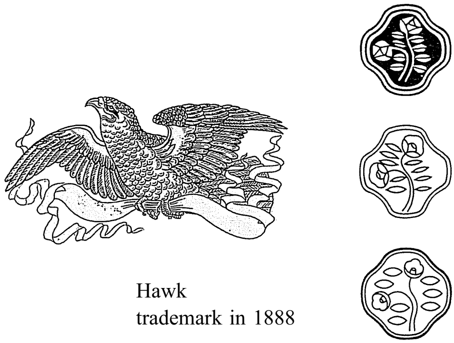
(1) Challenging

One of the first essences of management behavior for long-lived companies to build sustainable competitiveness is "challenging".

"Challenging" refers to the challenge to the change of the market, competition, technology, management system and DNA of the company. At first glance, a long-lived company possessing the "three sacred treasures" is a company that has survived by keeping tradition, inherited history and being able to adapt to change. However, the long-lived company changes its strategy in response to changes in the business environment, thus adjusting its value offering by changing its product, service or business model as required.

For example, Shiseido Co. which was founded in the early Meiji era as a pharmaceutical manufacturer, is now a global leader in the cosmetics industry today. When the business transitioned from medical to cosmetics, soon after its

Figure-9 Transition of the Flower Camellia Mark



Source: Oidelminvol. 6 pp. 14-15

founding, the trademark was changed from the hawk mark, which represented the strength of the efficacy to the flower camellia mark. In order to convert to a corporate image that exudes “Rich, Elegant, Ginza-like elegance”, the basic cosmetic “Oidelmin” became a hit product. Subsequently, when the cosmetics industry was confused by price dumping after the Great Kanto Earthquake, the chain store system was introduced for the first time in Japan, involving the concept of agents. In 1987 when Mr. Yoshiharu Fukuhara, president of the house (current honorary chairman), took office, he advocated “Creation of Corporate Culture” for the establishment of global brand as a cosmetics company, and he changed the business structure by separating the toiletry business from the main company. As a result, by the end of the 1990s, Shiseido succeeded by enhancing its brand significantly in the global market, and it joined the global ranks of the market leaders onto the global stage as a high-quality brand.

The tradition and organizational experience of strengthening the brand can be described as transitioning to “professional management”. It has also been passed down to CEO Mr. Masahiko Uotani. Mr. Uotani, who left Coca-Cola Japan Co. to join Shiseido in 2013. Mr. Uotani is now a senior executive who has no family relationship with the founding family. However, Shiseido does have a collective history and knowledge from the lessons and experiences accumulated over time since its founding as to how to adapt to change. To reorganize a business while significantly reducing sales revenue during a pandemic, Mr. Uotani developed a “selection and concentration” approach and developed high-priced luxury cosmetics. Thus “Personal Beauty Willness Company” was launched. And it was decided to cut out the drugstore business for the mass market and the skin care products of the low-price range. It is reflected in the re-performance of President Yoshio Fukuhara.

A similar approach was developed at Toraya Co., a Japanese confectionery specialty store which has been in existence for nearly 500 years. The company has over the centuries been repeatedly challenged to adapt to societal, social and market changes. During the first year of the Meiji era, the head office was moved from Kyoto (its birthplace) to Tokyo, coinciding with the movement to Tokyo of the Emperor’s family. At the time, this was considered a brave decision. In addition to its major influential customers such as imperial courts, court houses, imperial palaces and family members, political and business worlds and military departments also became headquartered in Tokyo, reflecting the change in the seat of power of the emperor, Toraya was also working on the development of its general customer base through advertising.

Immediately after WW11, raw materials for Japanese confectionery were very scarce and Toraya could not get them even for such a well-connected long-lived company. Therefore, the company had to survive this storm by developing coffee shops. After the Tokyo Olympic Game in 1964, Toraya opened its shops in department stores. As a result, it experienced nationwide growth. Although Toraya whose main business until this time had been Japanese confectionery, it pivoted to increase its customer base by the production of faded black (“Yokan” in Japanese) and baked goods. Shortly after this because of increasing demand, Toraya’s Gotenba factory was completed, and its production system modernized[15)]. This is how Toraya was able to establish its triangle factory system, comprising of Kyoto, Tokyo and Gotenba.

Mr. Mitsuhiro Kurokawa, the 17th president of the company, with his eye on the future expanded the business with a new concept, the “TORAYA CAFÉ”. Building on the experience of its store in Paris, which opened in the 1970s, it created “another candy made by Toraya” slogan, which combined ingredients indispensable to Japanese sweets, such as bean paste and agar with ingredients of Western confectionery, such as chocolate and liqueur. The fusion of west and east gained a significant number of new customers, particularly amongst the younger generation and enabled the development of a new customer base and thus expanded the Toraya brand.

Toraya was able to expand its customer base, to further market development and to strengthen its base despite the prolonged recession that has caused the gift market such as the summer gift-giving (“Chugen” in Japanese) and the year-end and new year’s gifts (“Seibo” in Japanese) to shrink significantly. The advent of the so called “internet society” has prevented it from being able to provide its full-service quality in high-end specialty stores. The post pandemic world business challenge for Toraya which will certainly be shaped by whatever the “New normal daily life” becomes post pandemic, and it will fall to the 18th head of Toraya and will be the beginning of new challenges for all “long-lived companies in coming era” in the post corona era.

As illustrated by two examples of long-lived companies in differing fields, to create new value in a rapidly changing business environment, it is essential to build into the DNA of such companies to promote business structure conversion and innovation, and further a mechanism for creating continued innovation. This leads us to understand a key success factor which is going to be critical for long-lived companies' enabling them to survive and prosper in the future. Clearly it is important to provide new value to the market for enterprises to grow and develop while being exposed not only to existing competitors, but also new market entrants, both from existing competitors and new competitor entrants from different industries. To overcome competition and develop markets further, it is also essential for long-lived entities to construct an organizational structure that has a built-in mechanism to incorporate the collective history and past wisdom into the DNA of existing business structures. In short, challenging is the essence of "sustainability management."

However, innovation and transformation generally focus on what should be changed and not on what should be retained and developed and what should be retained and not changed. This challenge is a key dilemma for long-lived companies. Because the goodwill that the long-lived company has built is at the core of what should not be changed. The question therefore arises as to how to innovate and reinvent, without alienating the current loyal customer based and maintaining brand loyalty and integrity whilst shifting it.

On reflection, it is true to say that if long-lived companies were able to maintain customer loyalty as they innovate and transition to a new form, then indeed they were able to master this delicate process of inventing themselves whilst not alienating their existing loyal customers.

(2) Involving

The second fundamental factor in achieving sustainability management for building sustainable competitiveness is the factor we have termed "involving".

The survival of long-lived company is not only maintained via the relationship with customers and markets, but also in its relationships with stakeholders such as wider business relationships (with suppliers, regulators, and financiers) and the businesses staff members themselves. Interaction with all key stakeholder groups is critical for the development and survival of any company, not only for long-lived companies. However, the relationship of long-lived companies that continues its relationships generation to generation is not limited to mere dependencies and complementary relationships. Long-lived companies need to foster long-term commitment between all its stakeholders, particularly its staff members. In other words, it is expected that by mutually transferring the knowledge and experiences of others through relationships it creates over a long period of time, not only will they learn and grow, but their counterparts will also learn and nurture by transferring knowledge and experience. An example of this type of mutually beneficial stakeholder relationship can be seen in the many “Ronald McDonald” children hospital houses founded by McDonalds around the world. So, appealing to a broader range of stakeholders. Thus, this broader approach working with stakeholders adds value to the brand and builds brand support throughout the community and thus achieves a mutual win win, both the company and for specific stakeholders.

Mutually beneficial relationships with main customer segments and business partners of long-lived companies not only contributes to the survival of the long-lived company, but also becomes the source of the competitive advantage. Since the cost of developing fundamental new technology is too expensive for one company to be able to afford on its own. Witness the billions of investors’ money that Tesla has invested just to change from the Internal Combustion Engine to battery power! However, the more complicated the method of accumulating know-how, the more difficult it is to imitate your competitors. Thus, increasing the difficulty of imitation strengthens the entities competitiveness in the longer term. At the same time, long-term relationships based on mutual trust and benefit are also very effective in reducing time and physical transaction costs. It is important to recognize that if the market cannot be developed from its existing customer base and if the company is not able to replace its aging customers with new younger customers, then the company will only shrink and eventually fail. It is critical therefore that for the long-term survival of the company that it develops bonds with the communities that is serves and nurtures the market while aiming at coexistence, co-benefit, and co-prosperity with its stakeholders.

For example, Shiseido has been expanding its business in the development of relationships.[16)] Just as human relations with Dr. Nagayoshi Nagai were critical for the birth of the first cosmetics for Shiseido and the relations between customers and researchers was important for all new product development. However, mutually beneficial human relationships cannot be constructed overnight, they take time to develop. Know-how in creating human relations with excellent researchers that has continued through the decades and is a critical management asset.

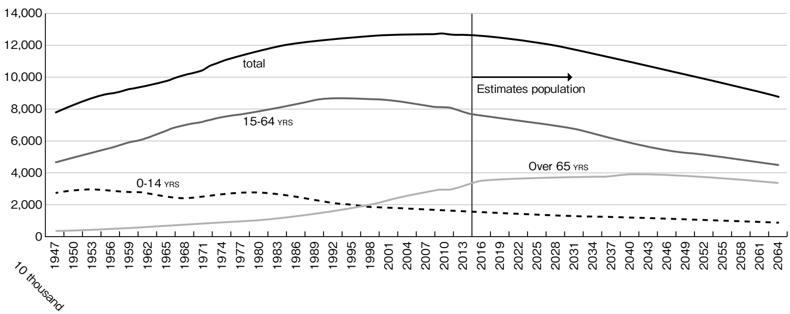
The chain store system which grew significantly after WW11 was also a new avenue, enabling the building of relationships with distributors and customers. When low-cost products and poor products were rampant and the entire industry was involved in an easy low-selling battle, this system was an avenue for selling high-quality products at an advantageous price point. As a result, the community of coexistence and co-prosperity was built with the cosmetics distribution company, and a relationship based on trust established with customers.

Toraya has also maintained longevity by being involved at every stage of the logistics process. The production of white azuki beans used for original Japanese sweets and agar used for faded black cake has been entrusted only to select designated farms and designated factories, and Toraya had provided financial and technical support to these farms and factories to ensure product quality and their development and survival. In order to secure the unique taste and quality of the company, the growth and survival of the raw material suppliers is a critical element to its supply chain. And new raw materials and the ideas of business partners may create new products. It is also an indispensable relationship to support the growth of business partners.

In addition, in order not only to maintain and expand the Japanese confectionery market, but also to convey the culture and value of Japanese sweets to the market, Toraya is actively working on the development of the market by holding exhibitions and Japanese confectionery seminars introducing traditional Japanese culture events. It is an extremely important marketing strategy in the life cycle of Toraya’s products to develop relationships between children, between children to grandchildren and a real affinity for all these stakeholders to Japanese sweets.

In conjunction with the management philosophy of “served delicious Japanese sweets”, the company clarifies the relationship between employees and the company with the vision of “creating a free democratic company in which established individuals can freely express their opinions and everyone can participate in the construction of the future”. Based on the realization of

Figure-10　Graph of population decline in Japan



Source: National Institute of Population and Social Security Research management that links the prosperity of the enterprise with the growth of the individual, it is clarified that the employee is not the property of the company but an important stakeholder and partner who coexists and co-prospers. The relationship with the employee and the business partner is the most important relationship of all.

In this way, both long-lived companies, Shiseido and Toraya, have built sustainable competitive advantages by building and maintaining relationships that create mutual benefits between stakeholders. By the process of mutual learning through mutually beneficial relationships, the company itself can grow the market and customers, business partners, and employees can also grow and prosper. “Involving” is the second essence of strategic management which we can see if derived from long-lived companies and can be described as the need for the creation of win-win relationships with all stakeholders.

(3) Status quo

The third essence of long-lived companies’ management is the concept of “status quo.”

To adapt to the changing business environment, “challenging”, that does not create completely new business or cultural value by denying or liquidating all the past businesses achievements and successes. Challenging is to realize what needs to be changed by accurately understanding the cultural background and historical context and protecting certain base products whilst developing new products and markets for the future. A successful long-lived company understands what needs to stay the same and importantly what needs to change and thus it needs to continually reflect and challenge what needs to be part of the status quo and what does not.

“Status quo” sometimes can creates a conservative organizational cultural behavior (this is particularly true of the military). It is dangerous if such a conservative “no change” culture becomes embedded within a long-lived company. As for example occurred at Sony with management’s adherence to its once famed Trinitron technology, rather than adopting the newer flat screen technology which Samsung did. There must be a balance as long-lived companies which refuse to change and live in the past will ultimately die. “status quo” does not mean that you are mischievously attached to something. The sustainable competitiveness of long-lived companies is constructed by identifying what changes and what does not and sticking to the essence of one’s businesses whilst keeping an eye on the future. In other words, it is the essence of the commitment to grant some meaning and value to all the bases of business activities, related businesses and markets. If we lose that kind of commitment, the identity as a long-lived company disappears. The three sacred treasures of the long-lived company such as business, succession of the name of the shop, family prospect, and founder family rule embody such status quo. The truest commitment is not to protect the three sacred treasures.

Status quo is to maintain the business base which flows from one end of the business to the other, and it is the one that is basis of the products and the services the company provides. However, it is not the product or service itself that it provides. It is deeply related to the context and processes that create these relationships. As a long-lived company, the commitment to continuity and sustainable competitiveness of the business domains creates original products and services, and it has become the existential value of long-lived enterprises.

To strengthen status quo, it is necessary to understand and appreciate the core base of the business which gives meaning to the business structure and strategic action of the enterprise by clarifying the core competencies which is the source of the strength of the company business model and realizes the appropriate allocation of the management resources of the company’s core origins. The slogans and visions of long-lived companies show status quo they have inherited over a long history. Thus status quo can establish the company’s own strategic consistency and original business concept.

For a company to grow and develop, it is important to identify clearly what should be retained and what should be changed. What is your identity and where do you want to establish differences with other companies? Without finding a solution to these questions, it is not possible to expand the business or develop an entities existing base. If we do not know what we will not change, we will not be able to find how to maintain the “status quo”, and what and why we will change and the objectives of our change will not become clear and will be muddled. In that sense, it can be said that “status quo” is the most important essence for the most long-lived companies.

When Mr. Yoshiharu Fukuhara, current Chairman of Shiseido was president, Shiseido focused on strengthening its brand power by making the toiletry business a subsidiary and separating it from its headquarters. Its aim, to become a global company with the cosmetic business at its core, through a strategy of “creating a corporate culture” that utilizes the traditions and culture accumulated over many years of management resource history[17]. As a result of this strategy, Shiseido was able to position itself as one of the top global brands in the cosmetic industry. As mentioned above, the current President Mr. Uotani launched a “Personal Beauty Willness Company”. It was decided to reduce the products in drugstores for the mass market and low-priced skin care (its status quo) to the Shiseido brand to attract more affluent end of consumers.

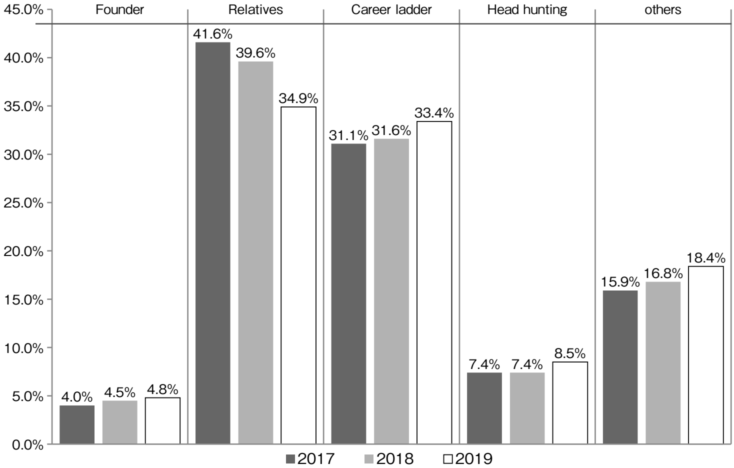
Similarly, Toraya has established a business domain called “High-end Japanese Confectionery Specialty Store”. We have been particular about the brand backed by the history and tradition of 5 centuries and being a purveyor for Emperor family.

“Toraya Bunko” (Toraya library) and “Toraya Kobo” (Toraya craft center) serves to nurture the market by telling stories about the seasons, rituals, and so-called Japanese sweets through research on not only the company’s history and Japanese sweets, but also Japanese traditions and cultures over a thousand years.[18] It is a tradition of status quo and involving in promoting and developing history and tradition relating to the company and its products. On the other hand, since Toraya is very particular about taste and quality, it has built modern factories and worked on making faded black a “best in class” automated production facility. And it uses as its base the experience it gained at the Paris store to “TORAYA CAFÉ”. Thus, Toraya has developed a deep understanding of what needs to change and what does not. Thus, the essence of long-lived company’s management converges into the three elements presented here. By integrating these three elements, the “status quo” to achieve historical consistency, “challenging” that changes little by little considering the long-time axis, and the “involving” that forms the company’s long-term strengths through relationships with other companies, it can sustain its existing customers and maintain its longevity.

4. Typology of long-lived companies

One might criticize our discussion of “long-lived” from the perspective of our having not succeeded in penning a clear definition of what a “long-lived” company is, i.e., how many years are necessary for a company to be called a “long-lived company”? So let us consider an alternative indicator which could be used to indicate when a company could be referred to as a “long-lived company”. In addition to the time axis of long-term survival, we could consider using the issue of inheritance, the number of people who have inherited the company.[19] This measure is “succession by the family” could be one of the considerations on establishing whether a company meets the criteria to be referred to as a “long-

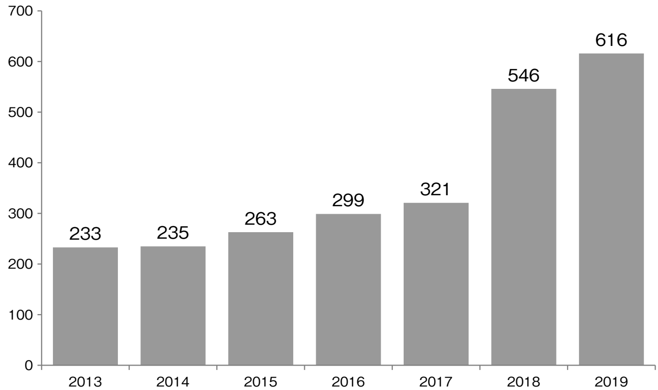
Figure-11　Relationship of former president to current president (2019)



lived company".

According to our survey, the reign of top management was in the region of 25 to 30 years, and this was a consistent measure between the past two surveys which we have conducted. Thus, if a company is 50 years old and there is an ownership transition, and it is inherited then after another 25 years it becomes a 75 year old company. Similarly, if a company is 45 years old when the leadership inheritance passes then after a further 30 years it becomes 75 years. So, it might be valid to consider that once the the tenure of management of the 2^{nd} generation hits the 25 to 30 years mark that the company could be referred to as a "long-lived" company[20). However, when considering the aging of small and medium-sized enterprises (SMEs) due to the longevity of the enterprise and the possible lack of successors, we can expect this trend to continue as it has for the last 10 years.[21) The research we have conducted on long-lived companies indicates that about 80% of the long-lived companies surveyed were completely or 50% controlled by the founding family members. It is interesting to note that this has changed significantly in

Figure-12　Changes in business succession M&A (2019)



Sours: “2020 Edition of The White Paper on Small and Medium Enterprises”

recent years. What we have found is that successive top management of such are becoming older and older. Like dictators of old, they seem to be staying at the top longer.[22)]

As shown in Figure-12, the ratio of family succession has decreased by about 7% compared with the most recent 2017 survey of the relationship between the current president and the previous president in small and medium enterprises. In contrast, the proportion of internal promotions and external invitations has increased significantly. In addition, the transition of business succession system M&A has increased nearly threefold between 2013 and 2019. Since there is no survey data relating to only long-lived companies, this cannot be applied to long-lived companies as it is, but we can propose that the succession of companies by third parties is increasing on small and medium enterprises as a whole[23)]. The use of M&A, which has been conducted mainly by large companies, has been made at a comparatively low cost, and its use is increasing as a mean of business continuity. In addition, the impact of the “Comprehensive Package for Third-Party Succession Support” launched by Japanese Government in December 2019 is not small. To realize the third-party succession of about 600,000 companies that may go out of business due to the absence of successors by 2025, the public and private sectors will work together to provide support in budget and tax system.[24)]

Below, we investigate the typology of a long-lived company, considering these various points.

(1) Changing inheritance patterns

In an age when the three sacred treasures which we have elaborated on are identified as the dominant characteristic of the long-lived company, the indispensable axis in classifying a long-lived company was the number of years it survived as compared to its succession number. For the traditional long-lived company, we had imagined the tradition of the organization succeeded by the first son of the founding family, and the business itself changing little since the business’s inception. Even if not specifically a first-male child inheritance, it is inherited by a person who is regarded as a relative or a blood relative, and even if it is not completely the same product or service, it has been assumed that many of the business forms are roughly like those when the business was established.

However, over the past 50 years, the social infrastructure of our industrial society has been developed and technological breakthroughs have greatly changed the industrial structure globally.[25)] Companies born shortly after WW11 and companies that were once small have, since grown into large enterprises over the intervening 30 years, and they are playing a central role in today’s current economic society. The major representatives of these companies can be seen in the automobile and electronics industries.

In 2020, companies that were founded 70 years ago now fulfill the definition as “long-lived”. However, today there are few long-lived enterprises which still retain members of the founding family in the top management of the large enterprise. In addition, there are few large enterprises which are still majority owned by the individual and the family. When one considers the issue of inheritance tax, perhaps this is to be expected, e.g. if the first child inherits a stock with a capital of only 500 million yen alone, the inheritance tax to be paid amounts to about 280 million yen[26]. To pay it individually, if the interest rate is included even with a 10-year deferred payment, it will amount to approximately 28.28 million yen per year, a not insignificant sum.[27] In short, under the current Japanese tax system, “succession of family members” is quite challenging.

Toyota Motor Co., which was established in 1937, is more than 100 years old and it certainly meets the definition of a long-lived enterprise. Mr. Akio Toyoda, who is from the founding family, is the current President, but for the previous 15 years, the third president has been an internal promotion person other than founding family.[28] In addition, the founding family only has a comparatively small share of Toyota’s total shares.[29] Though the influence of the Toyoda family is clear, it does not have the dominant control it once had. In contrast Honda has never had a family member in top management positions since its founding by Mr. Soichiro Honda, and the Honda family currently has little influence of Honda’s operations.

When examining the electronics industry, Panasonic, which was founded in 1918 by Mr. Konosuke Matsushita, and can certainly therefore be included as a 100-year enterprise. The top management of the founding family has not appeared in recent years in the company.[30] In 2008, Mr. Fumio Otsubo (who does not originate from the founding family) rose to presidency and this was an internal promotion company. Indeed, he instituted a change in the company name from Matsushita Electric Industrial Co. into Panasonic Co. Also, Sony which has grown into a global company under the slogan of catching up with its enemy Matsushita and overtaking it, may also be called a long-lived company because it has been more than 70 years since it was founded by Dr. Akio Morita and Mr. Masaru Ibuka in 1946. In April 2021, about 20 years after the resignation of Mr. Nobuyuki Idei who was the company's first new graduate office worker, a major reorganization was carried out and essentially the electronics business core of the company was abandoned. It is Sony Group Co. which now has the head office function for the entire group.

Even in such long-lived companies, the incidence of "inheritance of the family member" is disappearing. Moreover, the tendency was not limited only to the large enterprises. As shown in the Small and Medium Enterprise white paper in Japan[31)], the number of business successions M&A has increased in SMEs in recent years. Regardless of the size or size of the acquisition company, M&A has come to be utilized as a method of survival and growth of SMEs.[32)] According to the Small and Medium Enterprise white paper, M&A in business succession system is not clear in the ratio of long-lived companies, but it is certain that there are not many cases of long-lived companies continuing in business by the M&A route.

Mr. Kyosuke Eto of the Japan M&A Center opined as follows on M&A of long-lived enterprise. "The increase in the number of discontinued companies will lead to the loss of Japanese tradition, but in 2018, many evolved succession-type M&A were implemented to leave the traditional skills, tastes and culture of long-lived companies to future generations. It can be said that M&A is a very effective means to realize the survival and development of long-lived enterprises, and it can be said that M&A by large beverage group in Japan, Asahi Group HD implemented in 2014 was the trigger. It is one of the long-lived restaurants, whose origin goes back to the Edo era. In the future, the number of companies that are in a difficult situation without successors will continue to increase, and to keep them behind and leave traditions, cultures, technologies, and flavors to future generations. There will be more M&A.[33)]"

Another key concept in considering long-lived companies is the "business-model status quo" examining Toyota Motor Co., as an example TMC separated from its original founding automatic loom business many years ago[34]. The manufacture and sale of automobiles was not Toyota's main business, but now it has arguably reached the No. 1 spot in automobile industry[35]. On the other hand, Honda which as a motorcycle manufacturer was last the manufacturer to enter the domestic automobile market. At present, the company has positioned "mobility" as its main business domain, thus this includes not just cars and motorcycles but lawnmowers and even the development of small jets which was the dream of the founder. However, since all of them were incorporated into the founder's business plan, we may consider that the business has been inherited because it has been inherited in a range of related businesses. Similarly, we may consider that two primary electronics manufacturers, Panasonic and Sony have manufactured and sold various products in the technological progress or have developed the service business in related fields.

However, the dominance of the main business has shrunk greatly over time and may ultimately disappear. Especially given the technological progress in the 70 years postwar. A typical example is the photo film market. The photo film market, which had been expanding in the market even in the latter half of the 1990s, has all but disappeared very swiftly due to the advent of digital cameras. Kodak Co. which was the world's largest photo film maker, and Polaroid Co. of U.S.A. have left the market and Konishiroku who was a famous film maker in Japan, has also disappeared.[36]

On the other hand, Fuji Photo Film Co. (present name is Fujifilm Group HD) which had been in a fierce battle with these companies in the world photo film market for many years has survived as a global large enterprise. Although admittedly its business domain is now completely different from the film business.

At present, this company which changed it name into Fujifilm Co., is a world-wide chemical manufacturer boasting research and development power in a wide range of associated fields and is in addition an electronic equipment manufacturer. Fujifilm HD, which was established in 1934 from the photo film business of Dainippon Celluloid Co. boasts a history of 87 years, and therefore may also be considered as a long-lived enterprise.

When considered in this this way, "business-model status quo" should be referred to as a "long-lived company" in general, regardless of whether business-model status quo is developed in the market by the same distribution route or the same business which was inherited. So, we can therefore classify the long-lived companies based on "succession of family members of the family" and "business-model status quo".

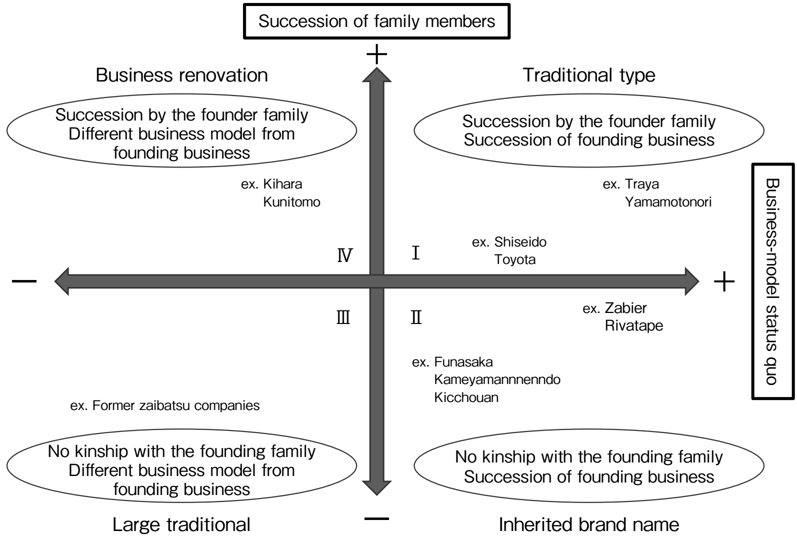
(2) Four classifications of long-lived companies

Figure-13 shows to classify long-lived companies on two axes: "succession of family members" and "business-model status quo".

The upper part of the vertical axis (+) indicates the degree of "succession of family members" which the organization has inherited from the founder family where the "kin" relationship can be said to be strong, and the current leader of the organization is not blood related (to the founding family), that is, the degree of "succession of family members" is low (quadrant II and quadrant III). In many previous studies on long-lived companies that we have conducted such companies have been treated as long-lived companies. However, this type of company should not be excluded from the research subject as not a long-lived company.[37)]

On the other hand, in "business-model status quo" on the horizontal axis, this indicates that the core business is the same as at the time of founding and that the degree of "business-model status quo" is stronger as on the right side (+), and that

Figure-13　Typography of long-lived companies



the core business is different from that when it was founded at the other end (quadrant I and IV). Unlike “inheritance of house”, even if the core business is different in the long-lived research conducted thus far, it is clear it should be treated as a long-lived company. This is because, in the process of technological innovation and change, not only the functions of products and services, but also production processes and consumer preferences are common and therefore it is reasonable that these should be recognized as long-lived companies.[38)]

In accordance with Figure-13, each long-lived company will be examined. Quadrant I included companies which have been inherited by the founding family and are still within their orbit of control, with the business launched by the founder and the current core business industry being almost the same. These enterprises are recognized as typical long-lived companies, and many of them are small and medium-sized companies. These include Toraya, that has been used as an example in this paper, and many companies whose headquarters and stores around Nihonbashi[39]. They have been operating a family business since at least the Edo era. These can be referred to as “traditional long-lived companies”.

In contrast, the long-lived enterprise group is a group of enterprises called “large traditional type of companies” classified into quadrant III. The company name may have changed since its founding, and the owner and top management who control the decision making have almost no relation to the founding family, and the present core business is often different from the original founding business. Companies separated from the former zaibatsu-affiliated enterprises invested and established by the conglomerate family at that time after the Meiji era, and large enterprises that have been doing some business since before the Meiji era and have expanded their business by accumulated wealth, are classified in this category. For example, Kirin HD, whose main business has been beer manufacturing, is one of them. In addition, Toyota, Nissan, Panasonic, Sony and the most famous department stores in Japan such as Mitsukoshi & Isetan[40] and Takashimaya[41] are included in this category.

Quadrant II includes “inherited brand name type of companies” in which the dominant owners are not family of founders or kin related but develop the related to the core business inherited from the founding period and inherit the name of the company and original brands. The current owner or top management is a group of companies who have transferred ownership from employees of the company in the past at the request of the previous owner, or by transferring ownership to other companies by the previous owners. There are many companies which fall under this definition of a powerful enterprise group by M&A for business succession and this is a trend which has been increasing in recent years. Examples of the former include Xaviera Co., a famous confectionary in Oita prefecture[42], Livatape Co., a pharmaceutical manufacturer[43] in Kumamoto prefecture, Nadaman, a high-end

Japanese cuisine business[44)], Kameya Mannen-do Co., as a Tokyo souvenir[45)], Funasaka Sake Brewery in Hida Takayama in Gifu Prefecture[46)] and so on.

Quadrant IV is the group of companies that developed so-called new businesses, such as the owner or top management being the blood or relatives of the founder, inheriting the company name, but not directly related to the core business inherited from the founding period, or the target customer being greatly different. Such companies are long-lived companies which have pioneered new businesses and markets different from those of their founders because the demand for the original products/services of the business that the founding family had developed has changed or disappeared due to the change of the social situation, even though it has been inherited by the family and has steadily expanded the business. We will call these “long-lived companies with business innovation”.

For example, Kunitomo Gunpowder Shop Co.[47)], founded in 1901 by descendants of the Kunitomo Gunsmith Group, which were the first manufacturers of guns in Japan, the business commenced by way of reverse engineering, dismantling, and researching guns introduced to Tanega-shima island Kagoshima prefecture. It is still engaged in importing guns, but its main business is planning field construction and the design and operation of large fireworks displays. Then there is Kihara Manufacturing Co.,[48)] whose main business currently is the drying of foods, but previously its main business domain was in the drying of leaf tobacco. Clearly given the reduction in the prevalence of smoking tobacco, driven by health concerns and the smoke-free movement, the cigarette drying market has fallen dramatically. Therefore, the current young president, the first son of the former president developed a new product utilizing drying technology, and new customers other than JT Co. were served. As a result of this, the company has grown and prospered and joined the membership of the long-lived company club.

5. How old can the companies be called long-lived companies?

During recent times, the pace of social change is accelerating, dramatically so[49]. In that in recent years, ten years was considered an “epoch” this has now changed to one year is an “epoch”, and “dog year” has changed to “mosquito year”. Long lived companies must adapt and deal with these societal changes.

Before closing this paper, let us consider the initial research question. In other words, how old does a company have to be to be considered as “long-lived”?

(1) 100 years, 50 years, 30 years

When the Spanish flu pandemic occurred in 1920, the world’s population was approximately 1.8 billion. 100 years later the world’s population is estimated at 7.7 billion in 2020[50] and the number of independent countries has increased from 50 100 years ago to over 195 today. The hegemony of the world around 1920 was transferred from “Pax-Britannica” to “Pax-Americana”.[51] However, it is undeniable that the economic and political power of the USA today has decreased significantly compared to immediately after WW11.[52]

At the same time, a socialist and communist state was born with the Russian Revolution (1917) aiming at a utopian society by the proletariat. However, in the last decade of the 20th century, most socialist states have disappeared and converted in at least some form to free market capitalism. Among them, China has grown into an economic powerhouse through adopting market opening policies while advocating a new brand of “communism”. This had led to China strengthening its power economically and politically, and recently has been competing for supremacy with the United States. Surprisingly, this occurred during a short period of time during the first decades of the 21st century.

It took nearly 30 years from 1907 when the telephone business commenced in

Japan, to the number of telephone subscribers in Japan to reach 1 million units. In 1955, two decades later, the number of residential telephone subscribers had increased significantly. Whilst by 1981, 26 years later, the number of units finally reached 40 million units and approached a saturation level that “every family has one phone”. In comparison, the mobile phone service that NTT Docomo started with 2G (second generation mobile phone) in 1993 exceeded 10 million contracts in 1996, some three years later, and more than 50 million in 2001 when 3G (third generation mobile phone) started. As of 2019, the penetration rate of the mobile phone is 139.2%. In about 25 years, telephones have changed from “everyone has one unit” to “everyone has 1.5 units”, whilst the previously common telephone call box is rapidly disappearing from the landscape.

According to Prof. Harari Y. N., it was this that prompted the change of social structure at the fastest pace since Homo sapiens appeared[53)]. Certainly, during this time, new industries have born, and others disappeared. Previously there were many industries and enterprises that were known as the “darlings” of their time, however now many of these businesses have passed into oblivion. As societies developed so modern, knowledge, wisdom, skills, and technologies related to clothing, food, and housing progressed, and collaboration and organization began to advance.[54)] There are still the “traditional businesses of inns, restaurants, food and clothing manufacturing, and religious industries, and in these sectors, we find many “traditional types of long-lived companies”.

Kongo-gumi, which is said to be the oldest company in the world was founded in AD 578. It was 1200 years between the founding of Kongo-gumi until the first industrial revolution. The speed of scientific progress has increased dramatically during the period from 1920 to 2020 and the rapid acceleration in change can be seen to be continuing when one considered the changes between the last 30 years of the 20th century and the first 20 years of the 21st century.

In living memory, we can recall that communication was conducted by letter and urgent communication via telegram. Public baths for the masses were common not just in Japan, but in the UK and USA. Radios were common (particularly thanks to Sony and its transistor radio) but few were lucky enough to own a TV, much less a color TV, which was considered a distinct high-priced luxury on its introduction. Music was listened to on record players and then on radio-cassette players[55] prior to the development of the Sony Walkman. However, within 10 years the digital compact disc (CD) was born, and personal computers (PC) appeared at the same time. Within two decades we were then able to purchase mobile phones and laptop PCs or notebooks which we could connect to the internet for exchanging e-mails etc. PCs became a consumer item to be replaced every time the processing speed, storage capacity and communication speed were improved.

As the market developed so consumers switched from Walkman to Apple iPods and switched from mobile phones to smartphones, iPods eventually became obsolete and notebook type PCs also changed to lightweight tablets. When broadband became normal and transitioned from 3G to 4G, e-books like Kindle were used not only for newspapers and magazines, but also for reading, being lighter and slightly cheaper. More importantly it was possible to get the readers specialized works, a literary work, or a detective story. It is possible to get any work instantly, no matter where ordered.[56] Now it is possible to even “read” while driving with audiobooks.[57]

In the past 40 years, electronic recording media has also changed from cassette tapes to 5-inch floppy disks (FD) to 3.5-inch FD, CDs, mini-disks (MD), memory sticks and hard disks (HD) and now SSD, solid state HDs, etc., and now data can be accessed anytime, anywhere through cloud computing. It is said that young people born in the 21st century do not need television, radio, and PC, if he or she has a smartphone. Certainly, they know how to live in the internet society by utilizing the smartphone much better than those born in Showa era. However, even those over 65 years, senior people are able to benefit from these changes with Aps designed specifically for the “silver haired” society, enabling them to make full use of their smartphones.

Whilst the inevitable cycle of life for humans is undeniable as we pass though the spring, summer, autumn and final winter of our lives. The same cycle of life is not necessarily true for companies or at least it can certainly be prolonged even 10-fold compared to human life spans.

A long-lived company which has been making Japanese sweets for five centuries and enjoyed prosperity through continued generations of family management, and major global long-lived companies which pivoted from being in the business to the cosmetics business have experienced multiple challenges by living though waves of change on multiple occasions. In that respect, these enterprises have overcome the turbulence of multiple cycles of change as well as Honda and Sony, which were mere startups in the period after WW11. Semiconductor manufacturers who were startups on the 1970s, SNS companies in the latter half of the 20th century and long-lived companies have shared the same era. In that sense, the company which is said to be a long-lived company experiences more cycles of change over a longer period compared with other companies, and there is an adaptability within a long-lived company that enables it to adapt and change.

(2) Age of long-lived companies

Let’s return the story to “Age of the long-lived company”.

Establishing which age definition of “long-lived” companies is challenging, should it be the one that Teikoku Databank Co. counts as long-lived company, that being one which has a “business history more than 50 years”, whilst Tokyo Shoko

Research Co. considers a company which is “more than 100 years since its founding” as a long-lived company. Thus, with these various definitions it becomes relevant how many years a long-lived company has lived or does it?

The conclusion of this paper is that “long-lived” companies should not be decided only by their age, because, time is relative, and “?? years ago” is also a relative concept. Again, at the time of the survey conducted by us 30 years ago, “100 years ago” was in the Meiji era, and “50 years ago” was in the early Showa era, and “30 years ago” was in line with the period of high economic stable growth. In that sense, 100 years was a period of several years where there were periods of comparative stability as compared to significant change in the last 30 years. In addition, in the period when “ten years is an epoch” and “it is Dog Year” a period of years 50 years as a definition for “long-lived” could also be very convincing in its own way. The term, “50 is the new 30” and “70 is the new 50” has been coined to describe the changing health of humans, indicating that years as a measure of age for humans may have its limitations. For example, a web site “realage.com, explores peoples real biological age and indeed one of the authors of this paper has had his doctor run software on his health and declare that biologically speaking he is 12 years younger than his age in years. Thus number of years may not be a good measure for a company to be described as “long-lived”. Particularly if one considers companies which were 100 years old by 1900 versus the changes that companies that were 100 years old by the year 2000 and had to live through WW1, WW11, rapid post WW11 growth period → Oil Shocks → Stable growth periods → the Japanese bubble economy → bubble economy bursting → the famed Heisei recession → Reiwa era”. Though it is natural for us to migrate towards “years ago” this is perhaps a relative concept defining individual age, era name, historical background, and it may not be productive.

Another factor is that the criteria for determining the age of long-lived companies is greatly influenced by the circumstances of industry sectors and the technology at the time able to support them. Kongo-gumi, which is the oldest company in the world, (as elaborated on earlier in this paper a temple and shrine construction company) operates in an industry whose technology which has not changed that much from ancient times to the present. Since the temple and shrine construction business is indispensable and its birth was comparatively early, it is possible to compare the time it has been in business and classify it as a long-lived company. However, it is not possible to judge if it is a long-lived company when one considers revolutions of change within the industry itself. For example, the move from the ICE to electrical power for the car industry or records to CDs in the music business. In addition, if the enterprise does not survive now, it is not a long-lived company. Kodak Co. and Polaroid Co. are not long-lived companies now, though both were long-lived ones once and had long history of success, and both had in the past conquered global markets and could even be global brand such as Pan Am, which is no more (Pan Am went bankrupt) or BOAC which is no more, (BOAC was merged with BEA to form British Airways).

On the other hand, in the past 50 years when industrialized society has given way to an information and internet society, a company which develops new business models based on only recently developed technologies has been born, for example Tesla or Amazon or Facebook. Even if it is classified into the same industry type as that previously observed, the appearance of a new kind of industry and enterprise which should be referred to as a different business industry changes our “long-lived” company definition. For example, few people would refer to Microsoft Co., which was founded in 1975, and Apple Co., which manufactures PCs, as “long-lived companies”. Yet these enterprises, although still only 45 years old, have experienced incredible change in their industry. Even though there were many companies that worked on software development before they were born, they can be considered are long-lived companies in their industry, despite their comparative youth of 45. Thus, the age of the long-lived company is a relative concept related to business, technical and industry specific characteristics.

In addition, the reason why the age of the long-lived company should not be determined by age alone is shown by the four classifications of the long-lived companies proposed in this paper. Certainly, even if a long-term surviving company is defined as a long-lived company for 100 years, 50 years, or 30 years, it is not meaningful to treat only "traditional long-lived companies" which fall into different sectors of the 4 categories elaborated on as long-lived companies as before. By the same token, despite these four categories, is it possible to refuse to consider a large company that has survived for more than 100 years as a long-lived companies.[58)] If the company which secured its continuation by a legitimate acquisition is considered not a long-lived company, then kin and blood relationships become the only appropriate definition. Then, it becomes difficult to find the meaning in the research of the long-term survival company management. For example, Cadbury the famous global confectionery company was established in Birmingham England in 1824, but was bought out by Mondelez International (Kraft Foods) in 2010. Is it that because it has been bought out that we should reset the age clock and no longer refer to it as a "long-lived company"?

Research focusing on long-term surviving corporate entities is both of academic and very real practical value. How do companies prevail in the global winds of change, which incidentally are likely to become more varied and stronger? Thus, it is increasingly important to explore the management characteristics and strategic essence of companies that survive and thrive over decades and centuries to building a sustainable brand and company.

It is appropriate to now close the article, perhaps we have not been able to offer a specific definition of what a "long-lived company" is however, we have explored the concepts of possible definitions in depth and proposed models for further consideration and research. To go full circle, we think now we are clearer on what Bob Dylan’s (1964) ode to change describes, “The times they are a changing.” And perhaps we would be bold enough to suggest he adds another line: “and they will continue to do so for some time to come!”.

＜Annotation＞

1) See https://www.cdc.gov/flu/pandemic-resources/1918-pandemic-h1n1.html
2) The Great Kanto Earthquake occurred on September 1, 1923. 1.9 million people were affected and 105,000 were killed or missing.
3) Venture businesses such as Secom and Ushio Electric in the 1960s, Keyence, Nihondensan and DHC in the 1970s, HIS, Fankle, SoftBank and Uniqlo in the 1980s have been established.
4) The second state of emergency was adopted by the government due to the increase in infected people, which is said to have increased rapidly due to the turmoil of young people at the end of 2020. More than 3,000 people were infected on December 30, and it was issued on January 7 and lifted on March 21.
5) It is said that a flat day = 60,000 yen and a maximum of 1.8 million yen are compensated per restaurant according to the time shortening. It is said that nearly 70% of small stores turned into surpluses with compensation. Of course, it does not fit at all in a large-scale restaurant, and the global dining company filed a lawsuit against the country.
6) Nihon Keizai Shinbun, January 25, 2021, morning edition.
7) The German Merkel administration fully compensates for the loss of small and medium-sized enterprises, and German restaurants are extremely cooperative with the closure. However, the number of infected persons did not decrease in February, 2011, and the lockdown continued until the end of March.
8) Teikoku Databank has made a long-lived enterprise a company for more than 30 years in some surveys.
9) Excerpted from the “Long-lived Companies” survey nationwide of commerce and industry research. http://www.tsrnet.co.jp/news/analysis/20161202_01.html
10) Prof Makoto Kanda, a professor from Meiji-gakuin University who has been our co-researcher for 40 years and has been conducting joint research on long-lived companies since the early 1990s until today. Co-authored “Lessons from long-lived companies”, JMA, 1997, is a book that should be called the start.
11) Refer to the Small and Medium Enterprise Research Organization, “Research on Business Continuity of Small and Medium Enterprises”, 2010, because it is detailed. Naoto Iwasaki and Makoto Kanda oversaw questionnaire survey and case study in the project.
12) For the survey results conducted in 1996, please refer to “Lesson from long-lived companies” written by Kanda and Iwasaki (1997). Since some of the question items

and surveyed companies are also different, it is not available to compare all of them.

13) Kanda Makoto and Iwasaki Naoto, “Management Strategy and Sustainable Competitiveness,” Economic Research (Meiji-gakuin University), No. 105, 1996, pp. 59-85. Iwasaki, N. & M. Kanda, “Sustainability of the Japanese Old Established Companies”, Seijo University Economic Research, No. 132, 1996, pp. 1-32.

14) In addition to the questionnaire survey twice, the interview survey has been carried out for more than 100 long-lived companies.

15) Gotenba in Shizuoka pre. Japan is placed a halfway mark from Tokyo to Kyoto.

16) Long-lived Company Management Study Group, “Toward Consistency Management: Shiseido’s New Growth Strategy”, Oidelmin vol. 6, Shiseido Corporate Museum, 1998. Iwasaki was a research project member of the research group.

17) Fukuhara Yoshiharu, “Management of Cultural Capital: What Companies and Managers Must Think about in the Coming Era,” Cultural Capital Study Group, Diamond Co., Ltd., see 1999.

18) Toraya Bunko was established in 1973. There, historical materials of this company are collected and stored, various confectionery materials are collected, and Japanese confectionery information is transmitted through the holding of exhibitions and publication of magazines. In October 2007, “Toraya Kobo” was opened. It is located adjacent to Higashiyama former Kishi-tei (former Prime Minister Nobusuke Kishi’s residence committee) in the mountains, a little far from the Gotenba Factory, which has been making products mainly faded black at the foot of Mt. Fuji since 1978. There, everybody can see sweets making.

19) The number of inherited and inherited persons is also considered to be a time axis in a sense.

20) Compared to small and medium-sized enterprises, the tenure of the president of a listed company is generally relatively short at 6 to 7 years.

21) Small and Medium Enterprise Agency, “2020 Edition of The White Paper on Small and Medium Enterprises”, 2020, pp. 1-132.

22) op. cit pp. 132-133.

23) op. cit pp. 140-142.

24) Toei Kiuchi’s Global Economy & Policy Insight,
https://www.nri.com/en/knowledge/blog/lst/2020/fis/kiuchi/110

25) See Iwasaki Naoto, Essence of Corporate Design Redesign, Seijo Economic Research No. 232, pp. 61-99, 2021.

26) The calculation formula is “500 × % − 50% − 42 million =208 million”.

27) The calculation formula is “280 million ÷ 10 years + 280 million × 3.6% = 28,288,000 yen”. It is the result of asking a friend of the tax accountant to calculate.

28) The list of presidents of Toyota Motor Corporation

(1) Tosaburo Toyoda	1937 to 1941
(2) Kiichiro Toyoda	1941 to 1950
(3) Ishida Rezo	1950 to 1961
(4) Nakagawa	1961 to 1967
(5) Eiji Toyoda	1967 to 1982
(6) Shoichiro Toyoda	1982 to 1992

(7) Tatsuro Toyoda 1992 to 1995
(8) Osamu Okuda 1995 to 1999
(9) ChouFujifu 1999 to 2005
(10) Tosaki Watanabe 2005 to 2009
(11) Akio Toyoda 2009～

29) No clearly indicated materials were found on the extent to which the Toyota family-owned stocks. However, among the major shareholders excluding financial-related companies, the shareholding rate of Toyota Industries was 6.9% as of 2020.

30) President Nakamura Kunio, who became president of Matsushita Electric Industrial Co., Ltd. in 2000, promoted the plasma television business and failed, leading to a management crisis, and after retiring as chairman, President Otsubo took office. President Nakamura, who is said to be the leader of management reform, retired as chairman of the company in 2012.

31) Only the founder and the second generation of the 9th president until 2021 are from the founding family.

32) Refer to the February 15, 2021, issue of Nikkei Business for details on the reasons for making small and medium-sized enterprises hesitant about M&A.

33) Eto Kyosuke, ‘Review of M&A of food industry in 2018’, Gyoukai-saihen M&A, 2019

34) Toyota Motor Corporation was separated into Toyota Motor Manufacturing Co., Ltd. and Toyota Motor Sales Co., Ltd. From 1950 to1982.

35) Toyota Motor Corporation overstep GM Co., Ltd., which was the world’s top in sales volume in 2007, and ranked No. 1 in the world in automobile production.

36) Konishiroku was absorbed by Minolta and is now Konica Minolta.

37) In Japan, not only long-living companies, but also emperor and shogun families have been succeeded by adopted children and daughters when inheritance by relatives is cut off. The further, to survive the existing enterprise in the shortage of successors in the declining birthrate and aging society, the validity of requesting “succession of family members” is disappearing.

38) As the technical system progresses greatly, and the corporate governance system changes, many companies cannot be said to be “business succession”.

39) Nihon-bashi is near Tokyo-station and was a main road from Edo era. It is so old that many long-lived companies have done their business yet.

40) Mitsukoshi Isetan HD is a holding company under the umbrella of former Mitsukoshi Co. and former Isetan Co. Mitsukoshi originated in Echigo-ya, a kimono shop opened by the Mitsui family in 1673. On the other hand, Isetan originated from Iseya Tanji kimono shop founded in 1986. In 2008, a joint holding company was established by both companies, and the management was integrated under it.

41) A department store founded in Osaka in 1831.

42) Xavier Honpo Co., Ltd. is a long-lived confectionery manufacturer in Oita prefecture Kyushu, established immediately after the founding house went out of business, an employee in charge of sales was asked by the founding family and worked on the reconstruction in 2001.

43) Livatape Pharmaceutical Co., Ltd. is a long-lived pharmaceutical manufacturer in Kumamoto prefecture Kyushu, founded in 1878. In 1967, related business companies

rebuilt jointly and entrusted management to the officers of the company.

44) Nadaman is a long-lived restaurant founded in 1830. In 2014, it joined Asahi Breweries HD and became a subsidiary in 2016.

45) Kameya Manen-do Co., Ltd. is a long-lived confectionery specialty store founded in 1938. In 2021, Chatrese HD acquired all stocks and became a wholly owned subsidiary. It was famous for western confectionery Nabona.

46) Refer to Funasaka Sake Brewery, which is detailed in Naoto Iwasaki, “Long-lived Innovators”, Seijo University Graduate School Economic Research, 2019.

47) Refer to the Kunitomo Gunpowder Store, as it is detailed in the above-mentioned book “Research on Business Continuity of Small and Medium Enterprises”.

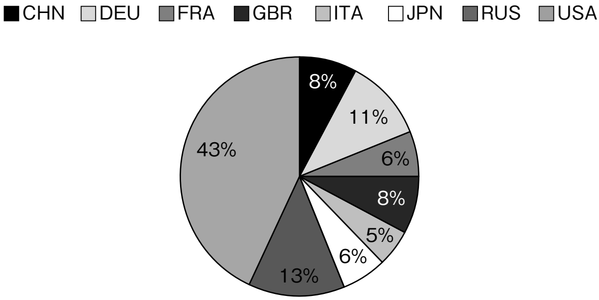
48) Refer to Kihara Manufacturing Co., which is detailed in Iwasaki Naoto, “Long-lived Innovators”, Seijo University Graduate School Economic Research, 2019.

49) Since it is said that seven times the age of a dog corresponds to the age of a human being, it is called “dog year” because the old year corresponds to the present seven years. “Mosquito year” is a selfish word of the author. In general, it is said that the life span of mosquitoes is about 10 days in females.

50) The world population in BC. 1000 was 310 million and 500 million in 1500. In 2000, it increased to 6 billion people. The population growth continues now.

51) Britain held the world’s economic and political hegemony until World War I, and the United States took the hegemony that followed. Each age is expressed like this. Iwasaki. N. (2021), see the above book.

52) GDP share of major countries in 1960 is as follows: At the time, the United States accounted for 43% of the world’s total, but according to the IMF, it will be only 24. 6% by 2020. On the other hand, China occupies 16.4%.



Source: University of Groningen, Maddison Project Database 2018

53) Harari, Yuval Noah “Sapiens: A Brief History of Humankind”, Vintage, 2015 (translated by Shibata Hiroyuki, Kawate Shobo Shinsha,2017/3/27)

54) ibid

55) It is a device in which the radio and the cassette deck are united, and it was called “Rajicase” (cassette radio) in Japanese.

56) However, since not all books are digitized at this stage, it is time to wait about 24 hours to get a real book.

57) Audible is a voice book provided by Amazon.

58) Organizational problems such as the stiffening of the organization, the climate of risk aversion, the infighting by top management, rampant politics in the organization, and the increase of unnecessary posts are pointed out as the signs of decay. In such an organization, it is said that it is not possible to adapt to the change of the business environment, and the growth and evolution of the enterprise cannot be expected.

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“The times they are a changing”, defining “long-lived” companies

This article is the third of four articles by Dr Gannon and Professor Iwasaki and builds on the original ideas by Professor Iwasaki in “Old-established companies in the new era”, in Seijo Economics No.233, July, 2021.