

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
CIVIL COMMUNICATIONS SECTION
Industry Division

27 July 1949

SUBJECT: A Proposal for a Management Training Course for
the Communications Manufacturing Industry

MEMORANDUM FOR: Record

1. There are three inter-related and mutually dependent fundamental units essential for the establishment and continued success and growth of the Japanese communications networks. These are:

a. A sound Research and Development group to provide progressive improvements in equipment design and proper specifications for adequate quality and effective standardization.

b. Manufacturing Units capable of producing the required equipment in the quantity and of the quality needed at a reasonable cost.

c. An Operations group which is adequately coordinated, trained, and effective in assuring proper operation of the communications networks with a minimum of operational and maintenance expense and a maximum of customer satisfaction and service.

2. Units a and c, which are government agencies, have been given concerted attention and completely reorganized for effective organizational and operational functioning under the guidance and with the cooperation of the Research and Development Division and the Tel & Tel Division of CCS respectively.

3. However, in the case of b, which comprises over 300 competitive privately owned companies, it has been necessary in the past for the limited personnel of CCS Industry Division to cover a wide and diversified scope of technical and production problems whose solution was essential to meet the needs of the occupation for increased production. This has precluded more than elementary efforts to inculcate the fundamental principles of quality control and sound economic management at scattered intervals in individual companies. Such efforts could not be effective in assuring adequate or satisfactory industry-wide practical application of these principles.

4. As a result, the greatly expanded production of these companies has not been accompanied by a corresponding improvement in product quality, lower costs, or organizational and functional efficiency to which the first two factors are directly related. The reasons for failure to improve from

Memo for Record 27 July 49

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Communications Manufacturing Industry

a quality and cost standpoint are inherent in management concepts and in organizational weaknesses of the individual companies as indicated by the industrial (engineering) survey recently completed by CCS Industry Division engineers.

5. It should be obvious that improvements resulting from sound progress by the government agencies in the fields of Development and Operations can not be effected unless there is a parallel and comparable progress by the manufacturing industry which is of necessity closely associated with these government agencies.

6. Theoretically, control of quality and standardized production is possible by government agencies providing product designs and specifications and product inspection. Also, some measure of cost control is possible through competitive bidding. It might develop, however, if Japanese industries do not reduce costs, the Japanese Government might be forced, for the sake of economy, to purchase communications equipment from other countries. This ultimate possibility does not appear to be a good solution.

7. To date, the efforts of the government agencies to control standardization and quality have not actually resulted in material improvement by the manufacturers. Essentially, the results have been only a sorting and rejection or reworking of defective products which have caused the manufacturers to get into further economic difficulties because they have failed to correct the causes which allow for the existence of poor quality. Also, they have been unable to reduce costs because of this same failure which is traceable to the weaknesses of management.

8. From the standpoint of SCAP, the communications manufacturing industry presents a different problem than the other Japanese industrial and economic groups because of its inter-relationship with the government agencies responsible for communications Development and Operation while at the same time being an independent industry comprising competing private companies.

9. CCS, which has successfully encouraged and guided the development of sound functioning Communications Laboratories and Operations Branches, has not yet accomplished the satisfactory improvement in private industry which is essential for sound communications systems development and expansion.

10. The correction of this condition is therefore a most important unfinished objective of CCS which should be recognized as essential.

Memo for Record 27 July 49

Subj: A Proposal for a Management Training Course for the
Communications Manufacturing Industry

The manufacturing industry is now, and will continue to be, a cause of partial nullification of the gains made by the government agencies and by CCS unless considerable improvement can be made.

11. This improvement can be accomplished in one of several ways. However, it must be recognized at the outset that such improvement, if entirely left to the Japanese, will be accomplished only after a long period of economic readjustment, and company failures and reorganizations before appreciable results will become evident in improved quality of equipment or lowered costs. This is due to the weaknesses that are now inherent in the industry as indicated in the survey.

12. To summarize, the following courses are open to CCS:

a. Submit the findings of the industrial survey to the Japanese and let them work out the ultimate solution without further guidance.

b. Present the findings of the survey along with the advice and guidance of industrially trained CCS engineers to the government agencies who would assume the responsibility for implementing corrections and guiding the industry.

NOTE: This would place government officials in the position of wielding considerable official or unofficial influence on the running of private industrial concerns and might encourage the development of favoritism based on some hidden remuneration or unwarranted government control of private enterprise.

c. Present, through the Manufacturers Associations, the findings of the survey and offer the advice and guidance of CCS engineers in the preparation of training programs designed to correct present weaknesses in industry.

NOTE: In this case, the initiative would be taken by the associations both in the preparation and implementation of the educational program. It would be available, automatically, to the entire industry on an impartial basis.

13. The third, or c, method appears preferable from the viewpoint of the writers for several reasons. Among these are:

a. Lack of any agency in the government with authority or responsibility or competent experienced people to effectively perform the necessary job of teaching management personnel the principles of modern scientific management. Coupled with this are the dangers of

Memo for Record 27 July 49

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Communications Manufacturing Industry

centralising any form of direct authority or control over private industry in the government, among which are the hazards of favoritism and exploitation inherent in government guidance or direction.

b. The impression that the manufacturers would not cooperate wholeheartedly in a government sponsored project. There seem still to exist remnants of suspicion on the part of the businessmen toward government based on their past experience when they were subject to state control and domination.

c. Lack of time for limited CCS personnel to develop and train inexperienced government personnel in the fundamentals that would be necessary before they could begin to consider the preparation of training programs or courses needed by the industry.

d. Encouragement of initiative and interest of individual companies in development and application of an educational program through the Manufacturers Association.


e. The urgent, immediate need of the communications system for improved equipment at a cost which will permit economical operation, customer satisfaction, and reasonable growth.

f. The fact that the Associations should be developed into democratic organizations which are looked to for the mutual benefit of the members of the industry in the solutions of their problems.

14. It is recommended, therefore, that CCS initiate an educational program among the communications manufacturers through the medium of the Manufacturers Associations. The objectives of this program would be the assurance of manufacturing quality control and cost control which will provide for the future soundness of the Japanese communications network.

15. Attached are proposals for a method of initiating such an educational program. It will be noted that CCS participation will be limited strictly to that degree of advice, assistance, and friendly guidance necessary to a sound presentation of the program.

1 Incl
Outline


C. W. PROTZMAN
Telephone Equipment Engineering
Advisor

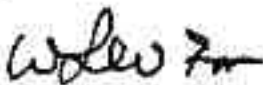
Memo for record 27 Jul 49

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H. M. SARASON
Radio Equipment Engineering
Advisor

NOTED:



G. SEPT D. COMBS
Director, Industry Division



W. L. WERNER
Deputy for Telecommunications

CONFERENCEES (21 June 1949)

<u>Name</u>	<u>Company</u>
H. Funeki	Tokyo Shibaura Denki, K. K.
H. Majima	Tokyo Shibaura Denki, K. K.
I. Umeda	Oki Denki
R. Akutsu	Oki Denki
M. Kato	Hitachi
K. Kamata	Hitachi
T. Tonno	Hitachi
W. Kurdiwa	Fuji
T. Kaiwa	Fuji
T. Kobayashi	Fuji
Y. Takakuwa	Nippon Denki

CONFERENCEES (5 July 1949)

T. Kaiwa	Fuji-Tsushinki, K. K.
W. Kurdiwa	Fuji-Tsushinki, K. K.
T. Kobayashi	Fuji-Tsushinki, K. K.
E. Akutsu	Oki Denki, K. K.
Y. Ueda	Oki Denki, K. K.
M. Tsutsumi	Oki Denki, K. K.
K. Fukushima	Nippon Denki
K. Sugasawa	Nippon Denki
H. Hamano	Nippon Denki
A. Abe	Nippon Denki
H. Majima	Toshiba, K. K.
A. Togashi	Toshiba, K. K.
K. Kaneda	Hitachi Seisakusha, K. K.

21 July 1949

ORIGINAL AND REVISED TOTALS

	<u>Original</u>	<u>21 June 1949 Revised</u>	<u>5 July 1949 2d Revision</u>
Fuji	31,515,000¥	15,811,300¥	15,811,300¥
Nippon	20,165,000¥	22,658,000¥	16,700,000¥
Oki	24,300,000¥	23,140,000¥	17,960,000¥
Hitachi	24,638,000¥	11,868,600¥	11,868,600¥
Toshiba	24,400,000¥	9,230,000¥	9,230,000¥
Totals	125,018,000¥	82,707,900¥	71,569,900¥
Dollar Value	\$ 320,000	\$ 230,000	\$ 198,800

FINAL ESTIMATE - PRODUCTION TOOLING
NEW ECL HANDSET

	<u>Fuji</u>	<u>Nippon</u>	<u>Oki</u>	<u>Hitachi</u>	<u>Toshiba</u>
Testing	2,380,000¥	2,734,000¥	3,660,000¥	3,930,000¥	800,000¥
Dial	5,282,500¥	3,882,000¥	4,170,000¥	2,117,000¥	1,920,000¥
T & R	4,117,000¥	4,975,000¥	4,450,000¥	1,851,000¥	1,640,000¥
Housing	1,600,000¥	1,712,000¥	2,950,000¥	1,770,000¥	4,110,000¥
Miscel.	2,431,800¥	3,397,000¥	2,730,000¥	1,994,600¥	-
Totals	15,811,300¥	16,700,000¥	17,960,000¥	11,868,600¥	9,230,000¥
Dollar Value	\$ 42,800	\$ 46,400	\$ 50,000	\$ 32,900	\$ 25,500

Productive Capacity (Monthly)

Dials	4,400	3,000	4,400	3,000	1,000
T & R	4,000	3,000	2,900	3,000	2,000
Sets	3,000	3,000	2,900	3,000	2,000

Incl 2

27 July 1949

OUTLINE OF PROPOSED MANAGEMENT TRAINING PROGRAM

The procedure proposed in instituting this program is:

Step 1

a. A meeting of the officers of the Federation of Japan Electric Communication Industrial Associations should be called. At this meeting CCS would:

- (1) Discuss, in general terms, the findings of the industrial survey recently completed.
- (2) Develop, in some detail, the need for Quality Control and Cost Control in industry.
- (3) Outline to the meeting a suggested form of management training program (see below).
- (4) If the Associations are interested in such a project, suggest that member companies be contacted. The purpose of this contact would be:
 - (a) To outline to them the industry-wide situation as developed at this meeting.
 - (b) To seek their approval and participation in the suggested management training program.

Step 2

a. Assuming a favorable reply from the membership, it will be suggested by CCS that a general meeting of company presidents and directors be called by the Associations. A maximum two-day session should be adequate for the presentation to this group by CCS of convincing arguments for the need of their establishing some form of management training program.

b. During this session, four points would be covered by CCS:

- (1) Existing conditions of management—as revealed by the industrial survey (what they've got).
- (2) Fundamental weaknesses of management—as outlined in the survey summary (what they lack).
- (3) Corrections required for improved management (what they need).

Outline of Proposed Management Training Program (Contd)

- (4) The training project as a means of acquiring knowledge of the fundamental principles of Scientific Management (how to get it).

c. If there is general accord, the Associations, based on the recommendation of the group attending this meeting, should select a working committee of approximately 15 members with whom CCS would cooperate in an advisory capacity in the preparation of the material to be presented in the management indoctrination course.

Step 3

a. The duties of this Working Committee are visualized to include:

- (1) Arrange meeting places and meetings and attend to business matters connected with the project.
- (2) Establish a program outline with cooperation of CCS members.
- (3) Develop a training program in cooperation with CCS members.
- (4) Arrange for translations, printing, etc.
- (5) Agree on selection and scheduling of personnel from the various companies who will participate in the specialized training courses (see below).
- (6) Issue invitations to groups (e.g., Universities, Government Agencies, and others) which may be interested in sending observers to attend the training courses.
- (7) Institute the courses in all interested companies in every locality.

Step 4

a. If determined by the committee, the management indoctrination course would be presented first by the Working Committee members to a pilot group (with CCS advice and assistance) to insure that the members of the committee can present the course in an understandable manner. This would also permit checking the usefulness of the subject material in actual application. (The composition of the pilot group can be decided later in an appropriate manner.)

Outline of Proposed Management Training Program (Contd)

b. Subsequent to this, the course could be presented to the industry as a whole through as many intermediate instruction groups as is determined to be advisable.

c. Following is a tentative outline of subjects which may be considered to be desirable for incorporation in the first course—management indoctrination. These are, of course, subject to consideration, acceptance or revision by the Working Committee which will be the agency that will actually prepare and present the written course:

- (1) Organisation
 - (a) Administrative
 - (b) Operational
- (2) Representative American Organisations with commentaries thereon
- (3) Functions of
 - (a) Administration
 - (b) Operations
- (4) Fundamental control functions
 - (a) Quality Control
 - (b) Cost Control
- (5) Relation of structural organisation to
 - (a) Quality Control
 - (b) Cost Control
- (6) Management functions in relation to
 - (a) Administrative control of Quality and Cost
 - (b) Supervisory control of Quality and Cost
 - (c) Engineering control of Quality and Cost

Step 5

a. Representative subjects worthy of detailed development, which will emerge from the presentation of the above, and which it is proposed to expand into special courses to be given to

Outline of Proposed Management Training Program (Contd)

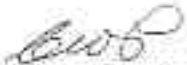
specialized groups having particular interest, are indicated below. This phase of the project can be carried on after the completion of the foregoing steps and CCS members would act only in a consulting or advising capacity. A tentative program for introduction of these courses is attached.


- (a) Organization control
- (b) Supervisory Development
- (c) Engineering Control
- (d) Quality Control
- (e) Budget and Cost Control

Step 6

It would be desirable for CCS personnel to make spot check visits to a few individual plants as a follow-up to this program in order to observe the effectiveness of the local training courses and to advise the industry, through the Associations, on the effective applications of the principles of scientific management in actual practice.

Att #1
Tentative Program


C. W. PROTZMAN
Telephones Equipment
Engineering Advisor


H. M. SARASON
Radio Equipment
Engineering Advisor

GENETIVE PROGRAM FOR MANAGEMENT TRAINING COURSES

	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Step 1 Meet Officials of FUSCIA	6 13	20 27								
Step 2 Gen Meeting of FUSCIA										
Step 3 Establish Work Committee										
Step 4 Development of Light Course										
Step 5 Special Courses										
a Organizational Control										
b Supervisory Development										
c Engineering Control										
d Quality Control										
e Budget and Cost Control										
Step 6 Observation & Plant Follow-up										

SEP 13 20 27
OCT 6 13 20 27
NOV 3 10 17 24
DEC 1 8 15 22 29
JAN 5 12 19 26
FEB 2 9 16 23
MAR 6 13 20 27
APR 3 10 17 24
MAY 7 14 21 28
JUN 4 11 18 25

X Polgro
X Osaka

XXXXXXXXXXXXXXXXXXXX Polgro (12 Wks)
XXXXXXXXXXXXXXXXXXXX Osaka (8 Wks)

XXX (2 Wks)

XXXXX (3 Wks)

XXXXXXXXXX (5 Wks)

XXXXX (3 Wks)

XXXXX (5 Wks)

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REMARKS ON TENTATIVE PROGRAM SCHEDULE
MANAGEMENT TRAINING COURSE

Step 1. A meeting of CCS personnel with Presidents, Vice-Presidents, and Secretaries of the Federation of Japan Electric Communications Industrial Associations was held at Nippon Denki's Mita Plant on 5 August 1949. Two officials of the Ministry of International Trade and Industry also attended. The proposed training course was discussed at this meeting.

Step 2. A general meeting of the FJECIA will be held on or about 27 August in Tokyo and on 2 September in Osaka. The entire matter of the training courses will again be discussed by CCS personnel at these meetings. The members will be asked to indicate their final approval of this project.

Step 3. A working committee will be organized to receive from CCS personnel the first course, Management Indoctrination. This group will also make preparations to subsequently present this course to Japanese top management personnel.

Step 4. a. The Committee should be organized by 16 September and the presentation of the training course should begin immediately afterwards.

b. This course will run for twelve weeks, eight weeks being taken for the presentation of material. Two weeks will be allowed for the completion of translations and another two week period will be used by members of the committee who will present their version of this course under the observation of CCS personnel to a pilot group selected from industry.

c. At the end of the first eight week period, the indoctrination course will be repeated in Osaka with a working committee similarly organized as the Tokyo one. The Osaka presentation will not include the four weeks allowed in Tokyo for translation and pilot presentation.

Step 5. Special courses will then be given as indicated in the schedule and the foregoing memorandum. A one week interval will be allowed between the end of one course and the beginning of another.

Step 6. Observation will be made by visits to plants to check on the success of individual company training efforts.

Remarks on Tentative Program Schedule Mgmt Training Course (Contd)

NOTE: This schedule is subject to all the vagaries of Japanese-English interpretations, translations and the attendant difficulties and slowness of putting the course material into a form suitable for assimilation by Japanese minds. For that reason and also because of other contingencies, which at this time can only be guessed at, this schedule is subject to change. Nevertheless, the course outlines will be designed insofar as possible to provide the maximum of usable information in the most quickly assimilable form and still stay within the time limits indicated.