

## The Fujitsu Marketing In-house Business School: An Example of Industry-Academia Cooperation

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In 2009, Fujitsu entrusted the development, sales, and service of information and communications technology (ICT) products for medium-sized enterprises in Japan to Fujitsu Marketing (FJM), a newly formed and fully owned subsidiary. FJM was created by the reincorporation of Fujitsu Business Systems, a publicly traded company that had a long history as a distributor of a wide range of ICT products developed by Fujitsu and other companies, as well as providing some maintenance services for Fujitsu equipment.

This research note provides a synopsis of the content of the strategic and organizational change that has occurred over the past five years at FJM. The note describes in detail the FJM In-house Business School (FJM-IBS), which was launched in 2012 and continues through the present. This internal education program was created with the explicit purpose of enhancing the managerial capability of FJM to facilitate executing the wide-ranging change taking place within the organization.

Yokohama Business School (YBS) has partnered with FJM to permit close cooperation in launching and running the FJM-IBS, which, while not a degree-granting program, has been designed to deliver the essential content of an MBA education to its participants. The close relationship between FJM and YBS has also provided an ongoing opportunity for the first author and his colleagues to study ICT products that are sold to medium-sized enterprises and conduct detailed process-orientated research on strategic and organizational change at FJM. The present note is the first academic work resulting from this research.

Both parties have found the creation of the FJM-IBS to be a fruitful endeavor. FJM has been able to increase its managerial capability in an organic yet rapid way. Participants from FJM have overwhelmingly expressed satisfaction with the program and a desire to continue engaging in the learning process even after finishing the program. Cross-functional communication within FJM has also been stimulated by the program.

YBS has been able to challenge its faculty to extend its teaching into a single-firm setting and build a close relationship with FJM, which is a prerequisite for conducting successful in-depth longitudinal research. Professors have found teaching in the program to be rewarding, and working with the human resource development team at FJM has provided both faculty and staff at Yokohama National University (YNU) with numerous opportunities to learn new skills and develop insights regarding the provision of useful education to practicing managers.

Like any new initiative there has been a learning curve, and this research note was written to codify the lessons we have learned along the way. It is our hope that this note and subsequent research into the FJM-IBS program will achieve the following two objectives. First, the FJM-IBS example will be a useful reference for other companies in Japan and around the world that are seeking to increase rapidly the business acumen of their employees. Second, other business schools seeking to enhance their cooperative ties with industry will find the cooperation between FJM and YBS to be a useful model.

### **Strategic and organizational change at FJM**

Over the past five years the 3500 people of FJM have experienced large-scale strategic and organizational change that has included: a new corporate name and mission, large increase in the responsibility of the company to generate new business, major internal organizational realignment including the rapid enlargement of its product development division, de-listing and the accompanying much closer relationship with Fujitsu, including the integration of 500 employees of Fujitsu who have been assigned to work in FJM. The company has also had to deal with a depressed market following the global financial crisis of 2008-2009, the effects of the devastating earthquake and tsunami that struck Eastern Japan in 2011, and the subsequent unprecedented appreciation of the yen that lasted through the end of 2012, all of which negatively affected many of the current and potential customers of FJM.

FJM's primary business domain is to develop and sell ICT solutions to medium-sized enterprises in Japan<sup>1</sup>. An example of the products offered by FJM to its customers is the "Glovvia" series of ERP software. When FJM was re-born in 2009, it was given a greatly expanded internal product development function, including more software programming responsibilities, which have enabled the company to make in-house solutions rapidly when new market needs are identified. This change requires the salespeople of FJM to work with customers much more pro-actively than previously to uncover new business opportunities and deliver solutions. "Marketing" was put into the corporate name to emphasize this dynamic nature of the company's primary business model.

Rooted in its many years of experience as a distributor of ICT products that were developed by a variety of companies, FJM salespeople continue to be given the freedom to sell non-Fujitsu products whenever necessary to satisfy the needs of customers. Furthermore, in order to cover the entire area of Japan, FJM complements its own sales organization by partnering with a network of over four hundred independent local product distributors.

Although FJM is organizationally separate from its parent company, FJM is positioned as the equivalent to a business unit on the organizational chart of Fujitsu. The president of FJM participates in weekly executive management meetings held in Fujitsu's headquarters. There is also a significant amount of cooperation between the FJM and its parent company in product development and in working with regional offices around Japan.

The major domestic providers of ICT solutions in Japan are NEC, Hitachi, and Fujitsu, which compete against smaller specialized firms and overseas competitors, such as IBM, Oracle, and SAP, that have established presences in Japan. Compared to their success selling to large companies and large-scale

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<sup>1</sup> Other major business domains served by FJM include sales of ICT products to medium-sized local municipalities in Japan and the maintenance of Fujitsu equipment in Japan.

public sector customers, the three major Japanese players had been experiencing difficulty in penetrating the mid-sized market. To address this issue, around 2009, they each created separate fully owned subsidiaries (NEC Nexsolutions, Hitachi Systems, and FJM) to focus on this market segment.

### **Initial conditions at FJM prior to launching the IBS**

Fujitsu views itself as a company that seeks to be at the cutting edge of human resource development practices. This tradition may stem in part from Fujitsu being a relatively younger company than its major Japanese competitors. As an example of this tradition, Fujitsu was one of two Japanese companies that sent participants to the first class (Cycle 1) of the highly acclaimed International Masters in Practicing Management (IMPM) program that was founded by McGill University and other universities around the world.<sup>2</sup>

The Fujitsu Group has participated in the Coaching Ourselves (CO) training program since 2007. Henry Mintzberg, Philip LeNir, Sasha Sadilova, and Jonathan Gosling founded CO as a means to bring IMPM content into a single-firm setting. The CO program at FJM is targeted at upper-middle managers. It consists of themed, weekly roundtable sessions conducted over a period of 30 weeks where teams of around ten managers come together to learn management concepts as they engage in peer coaching. FJM has been a driving force in pushing the CO program within the Fujitsu Group. In July 2014 FJM hosted a half-day general assembly that was attended by over 100 past and present CO participants to commemorate having reached the milestone of 300 managers (including over 200 from FJM) having participated in the CO program since its inception in the Fujitsu Group.

### **Initial conditions at YBS prior to launching of the IBS**

Yokohama Business School, which opened in 2004, is a latecomer to MBA education in Japan. It also has the distinction of being one of the smallest business schools in the world. The course accepts between 12 and 15 students per year for a two-year program. Thus, typically there are no more than 30 students in the program at any one time. All students in YBS are practicing managers, who hold a wide variety of positions and functional expertise. In some years more than half of the incoming students have engineering degrees. While the minimum requirement is three years of work experience, the typical student has had about 15 years of experience. A substantial number of students have worked in more than one company.

All students of YBS are accepted by passing a written exam and interview; that is, there are no students who are placed in the program directly by companies. YBS is the most selective business school in Japan, with acceptance rates of around 30%. Unlike most MBA courses, all students of YBS are required to write a final paper that is similar in length and content to a masters dissertation. In classes of less than 15 people, students discuss cases and theory, engage in conceptual thinking, and practice using the tools needed to conduct rigorous, meaningful research.

One year prior to the start of its cooperative relationship with FJM, YBS created and launched a managerial education (“mini-MBA”) program within an international financial services company in Japan. The content of this non-degree program was tailored to fit the needs of the company and was held

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<sup>2</sup> The second author was sent by Fujitsu to participate in Cycle 1 of IMPM in 1996.

over a four-month period. It consisted of four full-day modules on the themes of strategy, organization, technology management, and strategic accounting. Before and after each module, participants had to submit written assignments. The modules were designed to have a similar look and feel as typical MBA classes at YBS. As a whole, the modules permitted participants to obtain a similar educational experience as a regular student in a for-credit MBA program for practicing managers, albeit only for a period of a few months.

YBS receives extensive administrative support for its corporate education programs by the International (and External) Programs Office and the Yokohama Business Administration Society, both of which are housed within the College of Business Administration at YNU.

### **Content of the FJM-IBS**

In early 2012, YBS proposed a mini-MBA program to FJM. The program would be comprised of three modules on core management themes. Modules would be held once a month for a full day (six hours of content) on Saturday. In each module, a professor would facilitate discussion based on the module's theme. Generally, participants would study three cases per module. Before and after the module participants would write reports that the module's professor would grade and give written comments. The grades received by participants would have no bearing on their job-performance evaluations within FJM. The purpose of the proposed program was to give participants the opportunity to study the essence of an MBA.

FJM agreed to the basic outline of the program proposed by YBS, with the various additions and modifications that are described below. Before the program started, the professors of YBS researched FJM thoroughly over a period of about four months. Numerous discussions were held with FJM's human resource development managers, as well as a meeting with the directors in charge of the major functional divisions in the company. On the basis of this fieldwork at FJM, the professors designed the content of the modules in the program.

Cycle 1 ran from August 2012 to March 2013 with 40 participants, and consisted of three modules: accounting, strategic and organizational management, and marketing. The pool of potential participants was made up of those people who were viewed as having the potential to become future leaders in the company. They were selected primarily based on the recommendations of their supervising managers.

Cycle 2 ran from August to December 2013 with 35 participants, and consisted of three modules: accounting, organizational management, and marketing. There was also a short (two-hour) introductory module on strategic management. The pool of potential participants was the same as in the previous cycle. Participants were selected based on recommendations of supervising managers and each participant's own motivation to join the program.

Cycle 3 began in August 2014 with 33 participants and is scheduled to finish in December of the same year. It consists of four modules: accounting, strategic technology management, organizational management, and marketing. There is also a short (two-hour) introductory module on SME management. The pool of potential participants and method of selection was largely the same as in the second cycle.

FJM participants have generally been in their 30s, with around ten to fifteen years of experience in FJM. They have come from a wide variety of functional divisions within FJM. A total of nine YBS

professors have taught modules over the course of the three cycles of the program that have been held thus far.

At the beginning of each cycle, an orientation event has been held. In the second and third cycles, a short (2-hour) introductory module was held at this orientation event. At the end of each cycle, a closing event was held where participants make group presentations to the president and corporate directors of FJM. Groups tended to spend approximately 40 hours together preparing these presentations. The executives and professors in attendance evaluate the presentations based on a number of criteria. The best presentation receives an award, as well as the top performing students in the cycle.

In addition to the program content proposed by YNU, FJM has introduced some of its own unique ideas. For example, FJM has introduced group work sessions halfway between modules where participants augment their individual study by getting together with other participants within a designated group. Each group is assigned an in-house mentor, who also attends the modules. Mentors were selected from the managers who had already completed the course of Coaching Ourselves. Mentors support the participants by giving advice and holding tutorial meetings. Various networks made up of participants and mentors have been created within FJM through this program.

Especially for employees who are interested but too busy to enroll in a business school, attending the FJM-IBS has been viewed as a particularly valuable opportunity. FJM funds the travel expenses of employees who are working at offices outside of the Tokyo area so that they can participate in the program. To stimulate communication among participants and extend involvement beyond the classroom, at the conclusion of each module, a cocktail party has been held that has featured informal and lively discussion. Mentors and other senior managers, as well as YBS professors and university staff also attend these social events.

After the first cycle of the FJM-IBS ended, the human resource development team at FJM sent out questionnaires to the participants. More than 80% of them said they would like to continue activities related to the FJM-IBS. As a response to this strong demand, six corporate directors at FJM agreed to hold regular seminar meetings with a team of five to six people who had completed Cycle 1 of the program. For the seminars each director set a theme that is important to the company.

The six themes that were set for the participants who finished Cycle 1 were, as follows:

- How to launch a new business initiative aimed at the medium-sized enterprise market,
- Think about customer satisfaction,
- How to develop new products within FJM,
- How to train sales people effectively,
- How to strengthen FJM's brand image, and
- Create a new HR system.

During the half-year period (October 2013 to March 2014) during which each seminar held regular meetings there were a lot of discussions and collaborative activities. The final report of each seminar group was presented to the president and corporate directors of FJM. As an example, the members of the HR seminar created a new award system that was launched in FJM. A new slate of five seminars for

Cycle 2 participants was launched in October 2014. The new seminars (the first three of which are led by directors who also led seminars for Cycle 1 participants) have the following themes:

- ・ Diversity management,
- ・ Development of personnel in the system development division who have a global perspective,
- ・ Strengthening the “combat readiness” of salespeople,
- ・ Developing management tools for finance and accounting that contribute to FJM growth, and
- ・ There is more that we can do for the customer – what is the content of this “more” ?

### **Outstanding issues**

For FJM, there may be benefits to increasing communication between participants from different cycles. Maintaining the strong momentum of the program is also an issue, as is expanding the program to different levels of the company.

For YNU, increased coordination between teachers on module content is an outstanding issue. The first author of the present work has played a producer role, individually coordinating content and style with professors who teach in the program. However, from the third cycle, the professors who were in charge of the teaching modules in the cycle held a formal kick-off meeting where they discussed the aims and methods of this cycle. Further development of this mutual coordination among professors is desirable.

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