

A portrait of Koki Ando, CEO of Nissin Foods Holdings Co., Ltd. He is a middle-aged man with glasses, wearing a dark pinstriped suit, a white shirt, and a patterned tie. He has his arms crossed and is looking directly at the camera with a slight smile. The background is dark and out of focus.

# Mission: Destroy Cup Noodle!

How a Second-Generation President Maddens  
the Founder with His Marketing Style

9

**Koki Ando**  
CEO Nissin Foods Holdings Co., Ltd.

PERDANA  
LEADERSHIP  
FOUNDATION  
YAYASAN  
KEPIMPINAN  
PERDANA



PERDANA  
LEADERSHIP  
FOUNDATION  
YAYASAN  
KEPIMPINAN  
PERDAMA

# Mission: Destroy Cup Noodle!

*How a Second-Generation President Maddens  
the Founder with His Marketing Style*



## Koki Ando

CEO Nissin Foods Holdings Co., Ltd.

**PUSTAKA PERDANA**



**1013316**



## **Mission: Destroy Cup Noodle!**

*How a Second-Generation President Maddens the Founder with His Marketing Style*

Copyright © 2009 Koki ANDO

English language edition copyright © 2010 Nissin Foods Holdings Co., Ltd.

Published by Corporate Communications Division, Nissin Foods Holdings Co., Ltd.

6-28-1, Shinjuku, Shinjuku-ku, Tokyo 160-8524, Japan

TEL: +81-3-3205-5252

FAX: +81-3-3205-5259

<http://www.nissinfoods-holdings.co.jp/>

First English Edition, April 1<sup>st</sup>, 2010

NOT FOR SALE

All rights reserved. No part of this document may be reproduced in any form without the prior written permission of the publisher.

Printed in Japan by Dai Nippon Printing Co., Ltd.



# Contents

## **Chapter 1: Founders aren't ordinary at all.**

- Company founders are people of extraordinary talent. Their successors are people of average talent.  
The conflict between them is really a battle of the extraordinary versus the average. .... 13
- "Do we founders have no retirement?" the founder laments.  
"What a destiny!"  
A spirited quarrel continues around the clock. .... 17
- I'm troubled over the gap between the ideal father figure and the real one.  
When the founder says, "I'm bitter to you because I love you," there is nothing I can say. .... 20
- I learn awful tenacity from watching the founder hard at work.  
He is a man of childlike curiosity and thinking beyond common sense. .... 24
- The founder is a turtle. I am a mole.  
"Which is more difficult, inauguration or accomplishment?" ..... 29
- The founder calls on me while I'm studying in the U.S.A.  
The founder's cherished view: "Knowledge of marketing is of no practical use." ..... 33
- A stack of product topples over. I hear it even in my nightmares. It gives me ulcers overnight.  
It's the education of a cub being pushed off a cliff by its parent. .... 39

## **Chapter 2: How to get along well with founders**

- The founder is prone to flatterers. Deceived by honeyed words, he makes a complete failure.  
I try my hand at "*Cup Rice*" until it proves successful. .... 47



Notices of seizure are put on our household belongings. Days of austerity.  
My mother, who I've always held in great esteem, suffers hardships by sharing the founder's tumultuous life. .... 51

As an elementary schooler, I help the founder to develop instant ramen. I'm the proverbial "shop-boy near the temple." My life is ramen through and through. .... 55

The marketing strategy for cup-type noodles starts from package design. *Yakisoba U.F.O.* becomes a hit. The saucer-shaped container is a rounded, shallow bowl, a first for the industry. .... 59

The second packaging strategy: *Donbei Kitsune*, whose container is bowl-like, becomes a hit.  
"Never mind that it means 'clumsy.'" Over the vehement opposition of co-workers, I make it the brand name. .... 64

I learn to take an overall view of management at Ryuzo Sejima's study session.  
I become president at 37. My slogan: "Destroy Cup Noodle!" .... 68

Four lessons for getting along well with a founder  
Even when he's wrong, tell him, "You're quite right." .... 73

**Chapter 3: Ruthless competition among the brand managers**

Aim to be the top brand, no matter how small the category!  
Even cannibalization is fine. Product development is freed from all constraints. .... 81

Dissatisfied with your superior? Make your case directly to the president. I laid down "The Ten Rules for Nissin Employees" to guide the brand managers in their mental attitudes. .... 85

A breakthrough made possible by eccentric ideas  
The ideal proportion of eccentrics is 20%; a proportion exceeding 30% will ruin the company. .... 92

---

No “don’ts” are imposed on new product development.  
Rivalry rather than efficiency to vitalize the BMs ..... **94**

Cannibalism? Good! Better to be eaten by your own company than by others.  
Unheard-of direct negotiations by the BMs get their passion across to the buyers. .... **97**

The brand manager system as a nursery for management executives  
Blunders are judged severely at the dissection meeting. .... **101**

As with a rocket, whether the new product gets on track depends on the launching system.  
Blame should be placed on individuals. Joint responsibility is no responsibility. .... **106**

#### **Chapter 4: An endless new product race**

A program is implemented to develop 300 new items a year.  
New product competition is a war of attrition. Keep firing until you’re out of ammo. .... **113**

*Rao*, the top hit under the BM system  
Raw-type instant noodles create a 50-billion-yen market. .... **120**

*Rao*’s basic technology is awarded ten patents.  
After an effective TV spot, a clamor for the out-of-stock product.  
*Rao* instantly becomes a regular item in convenience stores. .... **124**

The managers expose themselves at the manager’s interview of the performance review  
To develop self-sufficiency, the managers go for a nighttime hike in the mountains and a stay on a desert island. .... **130**

The Human Resource Division shouldn’t have power over personnel decisions, but should commit itself to in-house service.  
The SBU system is introduced to the administrative sector to develop awareness of business costs. .... **135**

Marketing from the managerial viewpoint  
The establishment of the Competitive Managerial Marketing System ..... 141

**Chapter 5: The road to becoming a “branding corporation”**

An experiment in marketing the premium cup-type noodles *GooTa* in a deflationary economy  
Only adopt an idea if it draws objections. .... 147

Selling cheaply invites the eventual collapse of the brand value and leads to the self-destruction of the manufacturer.  
Everyday low prices (EDLP) and discount sales are avenues to selling cheaply.  
Don't give in to the temptation to sell large quantities at bargain prices. .... 151

Introduce “FSP” as a strategy to retain loyal customers.  
Sell *GooTa* to customers who appreciate the value of a premium product. .... 154

We secure a regular shelf space at convenience stores to sell a new version of *GooTa* every month.  
The red band on each package earns pattern recognition for *GooTa*. .... 156

I organize “The Brain Study Group,” applying brain science to find the secret of tastiness.  
A brand is a very sophisticated mental model. .... 160

Is there any way to analyze the structure of brand loyalty in the brain?  
A brand is a kind of symbolic compressed information. .... 164

The Nissin Foods Group adopts the “shotgun formation” for its group structure.  
We challenge ourselves to make the company the best at branding. .... 169

To ensure a long-selling product, it's important to be dissatisfied with a brand.  
Forty five years after its launch, *Chicken Ramen* posts a sales record. .... 173



**Chapter 6: The Road of Ramen leads to Rome**

I focus my support on social action programs in accordance with the will of the company founder.  
I initiate the “Hyakufukushi” Project and establish the *Chicken Ramen Lab* in Kenya. ....183

As part of the “Hyakufukushi” Project, I’d like to train baby boomers to become outdoor activities leaders.  
The in-house project “Idle to Idol” starts. ....186

From now on it will be “the era of Japanese technology (Japanese quality)” for the world.  
The final step of branding will be in Italy. A battle against spaghetti... ..... 190

Business results for the food industry on four axes: country vs. city, starvation vs. surfeit, beneficiary vs. supporter, and natural death vs. artificially prolonged life .....194

**The extra chapter: It’s not a commercial unless it’s entertaining!**

To be effective, commercials must leave a lasting impression on viewers.  
To be the most persuasive, the message needs to be simple.....201

**Conclusion** ..... 209



PERDANA  
LEADERSHIP  
FOUNDATION  
YAYASAN  
KEPIMPINAN  
PERDAMA

# **Chapter I**

## **Founders aren't ordinary at all.**





PERDANA  
LEADERSHIP  
FOUNDATION  
YAYASAN  
KEPIMPINAN  
PERDAMA

**Company founders are people of extraordinary talent. Their successors are people of average talent.**

**The conflict between them is really a battle of the extraordinary versus the average.**

“Destroy *Cup Noodle!*”

This was my first declaration when I became president of Nissin Food Products Co., Ltd. in June 1985.

I was only 37 years old and full of enthusiasm.

Twenty-seven years had passed since the company was founded. Factionalism and bureaucratism, which I hated, had begun to run rampant. Product development had been sluggish, and few innovative products were launched. Every project needed approval from a dozen people. *If everyone's jaywalking, then there's nothing to be afraid of:* That was the mentality. Managers held authority without assuming responsibility; staffers didn't take action without instructions from above. This culture was widespread. The organization felt stagnant. It was more labyrinthine than a ninja's house.

It all owed to the psychology of dependence. Our dependence was on *Cup Noodle*, the company's flagship brand. *Cup Noodle* was the world's first instant noodles in a cup. It was invented by my father, Momofuku Ando, the founder of Nissin. At the time, *Cup Noodle* was a megabrand, a runaway seller that accounted for a majority of the company's sales and even more of its profits. The brainchild of the founder, *Cup Noodle* represented a sanctuary that was not to be recklessly violated. You just didn't tarnish it or release a product that might steal market share from it. Or so everyone be-



lieved.

A top-down management culture had spread through the company, because it was lead by a charismatic, strong-willed founder. I thought it would be impossible for Nissin to gain new growth under such a culture. During my presidential inaugural address, I cracked the whip, motivating the staff to develop innovative products that would defeat *Cup Noodle*.

The official slogan was “Defeat *Cup Noodle!*”

Carried away by the momentum of my speech, I shouted “Destroy *Cup Noodle!*”

Of course, this infuriated the founder, who must've thought: *What on earth was he thinking?*

“I didn't make you president to have you pull a silly stunt like this,” the founder said. “I'm your father. Can't you show a little respect?”

Every day was filled with quarrels.

“The more we protect *Cup Noodle*, the weaker it becomes,” I'd say. “The more we open it to competition, the stronger it becomes. Is *Cup Noodle* really so weak?”

I remember going on like this again and again.

“The aim is to develop excellent products that can destroy *Cup Noodle*,” I'd say. “If Nissin has a Pepsi and a Coke, we can become the strongest company.”

Those were the kinds of wild things I'd say.

It took two or three months to have my ideas heard. Even then, the founder gave me no response. I regarded this as tacit agreement, although it could just as well have been disgust.

In time, “Defeat *Cup Noodle!*” became a slogan for our staff.

The number of new products increased rapidly. Not only did the slogan lift the staff's spirits, it became a rallying cry for recruitment.

“Let's develop products to beat *Cup Noodle*,” we'd call out to

---

job-hunting students. “Join us in this.”

The number of job applicants doubled. The young applicants felt we must be an interesting company.

The founder was no longer saying anything about the slogan, but that was hardly the end. In fact, it was just the beginning.

For 22 years, from my inauguration as president to the death of the founder at the age of 96, we quarreled repeatedly, unceasingly. It’s hard to believe I’ve occupied the president’s chair for all that time.

Quarrels and arguments were daily events. Since we were parent and child, we didn’t hold back. Inadvertently, our words became harsh. The top managers who witnessed these countless repeated scenes would feel uneasy. But we were the representative directors, who assume the highest responsibility to the company. It was unacceptable for our conflicts to be noticed by the general staff. That would have hindered the company management. We had the good sense for one or the other of us to back down in the end.

I think only a few directors knew of our delicate relationship. In the eyes of most of our business contacts and close friends, the founder and I seemed to be on good terms and seemed to guide the company well by backing one another. As proof of this, younger second-generation presidents would come to me for advice. “I’m worried about rocky relations with my company’s founder,” one would say. “Please tell me how to deal with the founder.” Each time, I couldn’t help but feel a bit flattered. If so many presidents were having so much distress, I figured it might be meaningful to summarize my own views on what founders are and how to deal with them.

Those described as founders have one thing in common.

Konosuke Matsushita developed a two-way light socket and founded Matsushita Electric Industrial Co., Ltd. (currently Pana-

sonic Corporation). Kazuo Inamori researched new ceramics and founded Kyocera Corporation. Soichiro Honda developed an auxiliary engine for bicycles and founded Honda Motor Co., Ltd. Each of these men launched a new enterprise by exercising an originality that was achieved through hard effort and thought. Their starting point is *monozukuri*, the manufacturing spirit that emphasizes creativity, innovation, and precision. Perhaps what they have in common is doing what others don't, in other words, they have a spirit of originality and ingenuity – plus dogged tenacity.

This was true for Momofuku Ando, who made a comeback from the bottom of the ladder to develop the world's first instant noodles.

In my opinion, founders aren't ordinary at all.

They're people of exceptional talent.

In contrast, most successors of founders are average people, including me. You could say that the strife between company founders and second-generation presidents is a battle between the extraordinary and the ordinary.

I must note that this chapter is a frank account of my relationship with Momofuku Ando. These are personal reminiscences filled with reflection and remorse, with overwhelming shame. Nothing could be put forth as a model for others. But I think those who are in the same position might use my experience to draw lessons for dealing with their company's founder. This chapter might help not only second- and third-generation presidents, but also presidents who have succeeded charismatic founders and young staff who are working for strong-willed, autocratic presidents.

---

**“Do we founders have no retirement?” the founder laments.  
“What a destiny!”  
A spirited quarrel continues around the clock.**

“Either you go, or I go,” Momofuku Ando told me with a scowl, after a fierce argument that went late into the night.

*Oh, just a family quarrel*, the reader might think. Certainly it’s true, but the substance of the argument was company operation, not merely family matters. As president, I’ve been running Nissin for more than 20 years. I didn’t like to be classed with other second-generation kids. The founder took great pride in having established the instant noodle industry.

“Nissin is here because of me,” the founder said.

“I know,” I said “You don’t have to convince me.”

“No, you don’t get it.”

I lost track of how many times such arguments were repeated.

Eventually, he pressed me to decide whether I would step down as president or he would step down as chairman. Sitting next to us and hearing this, my mother gave up. “Enough’s enough,” she said and went to bed.

It wasn’t too long ago. This event was only a half-year before Momofuku Ando passed on at the age of 96, on January 5<sup>th</sup>, 2007. Being vigorous and deeply obsessed with his work -- not to mention a born worrier -- he couldn’t help but comment on what I did.

By that time, the founder had resigned as director. He held the position of founder, an honorary post without executive power. He could go off by himself and enjoy a comfortable retirement.

On June 2005, the date of his retirement as director, he wrote a letter describing his thinking to senior business contacts and those closest to him:

“I’ve been running Nissin for the 47 years since its founding.



I've taken it upon myself to step down, with the consent of the board of directors. Fortunately, our younger management, from the president on down, has developed splendidly, so I have no qualms about leaving them in charge...I'm 95 years old. I've lived nearly a century. I've been supported and helped by innumerable people throughout my long life. I'd like to use the time I have left to repay my obligations..."

From the text, one gets the feeling that he's expressing a self-confidence (*Can the company really keep going without me?*) that's tinged with sadness.

The founder's psychology was strange, and he'd constantly complain. He'd say, "How long do you intend to have an old guy like me work? Don't founders have any retirement? What an unhappy destiny!" Those words made it sound like my management skills as president were poor. I became a bit huffy at that and once said, "The company will get by just fine without you." What I meant was, "Please don't worry." This only made him grumpier.

The company he founded was as beloved as if it were a child he had brought up. He was nervous when it ran, nervous when it fell. He couldn't take his eyes off all through his life. When the company suffered a loss, he'd shrink as if it were coming out of his own pockets. When he said "I'm leaving others in charge," he was actually ready to return to management, if given a chance. When the company had an important ceremony or negotiation, he took action only after he heard someone say, "Chairman, we need your help." In this way, he assured himself that the company couldn't go on without him, and he hinted as much to those around him. He didn't want to wield power. Leaving a managerial post to become a chairman and seeing more young staff members growing gave him a feeling of delight tinged with loneliness. At the same time, the gratitude and respect for the founder within the company gradually faded decades after the company was established. It made him feel

---

desperately sad.

That was something like ten or more years ago.

On one of my days off, I got a phone call at noon from my mother, who lived in Ikeda City, in the Osaka Metropolitan Area.

“The founder’s in a bad mood,” she complained.

As usual, he seemed to be angry with me. I called him at once. We talked for an hour: fifty-nine minutes of it for the chairman, and the remaining minute for me. His mood didn’t improve. This one-sided conversation ended with him slamming down the phone. I couldn’t sort out my feelings. There was no other choice. I gathered my work things and personal items in a bag and left home. I flew from Haneda Airport to Itami Airport, and then went to my parent’s home in Ikeda.

For two hours, I just listened and made appropriate responses. He seemed satisfied after he’d had his say.

He said “Okay, I’m ready to listen.” So I began to talk. He interrupted me.

“Start with the problems,” he said. “Report the good things later.”

Shortly after I began, he interrupted again.

“Enough with the boring stuff,” he complained. “Tell me something interesting.”

As a result, I spent the entire night explaining this and that, and our discussion ended at noon the following day. We were both worn out.

After that, I tried to have a long talk with him at least once a week. It was a way for him to let off steam. When I wouldn’t listen to him, he’d talk to other directors. This would cause discord and other problems. There was no other way for us to forge a working relationship.





PERDANA  
LEADERSHIP  
FOUNDATION  
YAYASAN  
KEPIMPINAN  
PERDANA