



aLCHEMY
of a
LEADER

COMBINING
WESTERN AND
JAPANESE
MANAGEMENT
SKILLS TO
TRANSFORM
YOUR COMPANY

JOHN E. REHFELD

ALCHEMY of a LEADER

A great challenge—and an even greater opportunity—awaits managers. Like the alchemist who transforms something common into something special, today's business leaders now have the power, says John Rehfeld, to create in our workplaces an entirely new business culture, one that combines and transforms the best of both Western and Japanese management styles.

First as vice president and general manager at Toshiba, where he helped build the lap-top business from zero to \$350 million in annual sales in less than a decade, and more recently as president of Seiko Instruments USA, John Rehfeld discovered how to improve Western management style by combining it with some of the most successful techniques he learned from the Japanese. In *Alchemy of a Leader* he shares these insights, presenting literally dozens of specific, effective practices that can be applied right away by managers and entrepreneurs in every industry who are seeking to compete more effectively. The result is a synthesis that's neither totally Western nor Japanese but uniquely suited for today's global business world.

In *Alchemy of a Leader* you will learn:

- How to utilize *kaizen* (the quest for continuous improvement)—one of the most powerful management tools you will ever encounter—and how to adapt it to Western companies
- Why you should abandon your annual cycle and adopt a six-month planning and budgeting cycle
- How to use aggressive patience to move the decision process along
- Permanent entrepreneurialism: How to make the “start-up mode” permanent by

(continued on back flap)

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A great challenge—opportunity—alchemist who transform common into something more. Leaders now have the field, to create a new business culture that transforms the Japanese management.

First as vice president of Toshiba, where he transformed business from zero sales in less than a year to \$1 billion as president of the company. Rehfeld discovered the most successful management strategies of the most successful companies from the Japanese. He shares these insights with dozens of specific examples that can be applied right away by entrepreneurs in even the most competitive markets. A thesis that's neither American nor Japanese but uniquely suited to the global business world.

In *Alchemy of a Leader*:

- How to utilize the power of continuous improvement and successful management—encounter—a new way of doing business
- Why you should adopt a strategic marketing cycle
- How to use a strategic decision process
- Permanent change—make the “st

"Alchemy of a Leader provides practical and useful interpretations for many of the most intriguing contrasts between Japanese and Western management styles. Rehfeld has drawn upon his substantial experience as an executive within the U.S. operations of Japanese companies to create a thoughtful, experience-based guide. He correctly asserts that synthesizing powerful, productive practices across management cultures will be an important skill for tomorrow's winners in the global economy. *Alchemy* is well worth reading."

Kenichi Ohmae
McKinsey & Co., Inc.
Author of The Borderless World

"Alchemy of a Leader shows us a new and unique global leadership style. John Rehfeld has held senior management positions in both business worlds and he shows us what works and what doesn't work in the unique marriage of the opposing truths of the Western and Japanese management cultures."

Spencer Johnson
Co-author, The One-Minute Manager

"John Rehfeld's book is a quick and easy read. Based on his personal experience as an executive at Seiko and Toshiba, Rehfeld uses business practices of successful Japanese companies as a mirror to reflect on the problems of Western management. Unlike many recent writings which simply praise Japanese successes or cite the theory, his knowledge of Western business culture allows him to provide practical ideas for adapting Japanese business methods in the West."

Michael Brimm
Professor of Organizational Behavior
and Management, INSEAD, The European
Institute of Business Administration

"A critical read for those who work with the Japanese, and those who seek to compete successfully against them."

Joel Kotkin
Author, Tribes, Co-author, The Third Century

"A practical, earthy, no nonsense approach to business."

Irvin W. Maloney
President and CEO
Dataproducs Corporation

"A must read for anyone interested in succeeding in today's highly competitive, global business environment. John Rehfeld clearly articulates why the best way is not OUR way or THEIR way but an intelligent combination of the two."

Edward M. Esber, Jr.
President and CEO
Creative Labs, Inc.

"No serious manager can afford to skip John Rehfeld's new book. It stands head and shoulders above others by offering immediately usable practical advice backed up by impeccable analysis. Among the very few Americans to become a member of senior management in two major Japanese corporations, Mr. Rehfeld is the consummate insider—and a superb writer."

Dr. Hiroki Kato
Vice President, Asia
IMOGA Corporation

"There is the Western Management style and of course the Japanese. John Rehfeld after spending years as a senior executive working for Japanese companies has evolved a better way which combines the best of both styles. As companies continue to globalize, the search for a 'world management style' will continue. What may well emerge is something along the lines suggested in *Alchemy of a Leader*."

Dennis Laurie, PhD
The Peter F. Drucker Graduate Management Center
Claremont Graduate School

"John Rehfeld has been there. He's been a successful leader in both Western and Japanese management cultures. Because he speaks from his experience and his heart, *Alchemy of a Leader* offers a practical, real world tested recipe for combining the best of Western and Japanese management methods."

David Dibble
Creator of the TQM Leadership Experience

"*Alchemy of a Leader* is for real: a delight to read and filled with just plain good stuff. It is experience and wisdom, shared. It contains wisdom born out of the hard crucible of real experience. John Rehfeld provides a fantastic learning experience on how to do things better."

Walter F. Beran
Ernst & Young

“Executives and managers will never have a better opportunity to get an inside and in-depth look at Japanese business skills. John’s book combines real experience with extensive research to provide a unique understanding of the heritage and tradition behind how and why the Japanese perform their jobs in the unrelenting manner of ‘Kaizen’.”

William P. Conlin
President
CalComp, A Lockheed Company

“. . . John Rehfeld is a proven master of combining the management techniques of both Japan and the West to produce exceptional results.”

Rod Hosilyk
Computer Products Plus, Inc.

“Full of practical and useful advice that can be applied immediately. Unlike other books that either praise or criticize the Japanese management style, *Alchemy of a Leader* methodically crafts together Japanese best practices with Western best practices to create an unbeatable combination.”

Phil Baker
Apple Computer

“For someone who thought there was very little left to discover about Japanese business style, I learned a great deal from this book.”

Mark E. Thomas
President and CEO
Standard Communications

“Rehfeld’s significant experience within Toshiba and Seiko Instruments, his role in helping to build the laptop computer industry in the U.S., coupled with his keen interest in applying lessons of other cultures—especially Japan—to improve his company’s results, have given him a novel laboratory in which to perform tests, assess results, perform more tests, and learn in a real setting what works and what does not.”

Steven C. Clemons
Executive Director
Institute for Independent Japanese Companies
Immediate Past Executive Director
Japan America Society of Southern California

“If the requirements for writing a book are experience, deep reflection, creative insights and love of the subject, then John Rehfeld eminently qualifies. In *Alchemy of a Leader* John has written a practical, readable and visionary book for Westerners and Japanese who interface in the workplace and the marketplace.”

*Hugh Leonard
Leonard Training and Consulting*

“Considering myself well-read in management theory, I’ve encountered many of the ideas put forth by John Rehfeld before, however, the practical and forthright nature of his presentation creates an imperative I have not yet encountered.”

*Bradford F. Spencer, PhD
Principal, Spencer/Shenk & Associates, Inc.*

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**Combining Western and
Japanese Management
Skills to Transform
Your Company**

JOHN E. REHFELD



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*Dedicated to my Mother
and my recently departed Father*

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I must thank my talented editor at John Wiley and Sons, John Mahaney, as well as his colleagues, Joan O’Neil and publisher Karl Weber, for so quickly grasping the value of this work and helping me emphasize the theme that global management, in the final analysis, is really all about effective leadership.

Finally, I thank my wife Gunvor and my children for their enduring patience, love, and support during this project.

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INTRODUCTION: The Twenty-first- Century Alchemist

Like other people, managers in today's business world are products of their own culture. They've learned ways of solving problems, communicating with others, organizing their work, and making decisions that are deeply influenced by the folkways of the society in which they grew up. There's nothing wrong with this—in fact, it's completely natural and normal. But in today's globally competitive and interdependent business world, culture-bound management skills are no longer good enough.

To be effective, today's manager must be a kind of "business alchemist." Alchemy can be defined as the art of transforming something common into something special. The twenty-first-century alchemist will absorb business methods and knowledge from many cultures and transform them into new skills needed to compete in the new global marketplace. The purpose of *Alchemy of a Leader* is to show how this can be done.

My career has provided me with a unique opportunity to be a management alchemist by observing what works and what doesn't in two very different business cultures. For 12 years I was one of the few Westerners to hold senior management positions in two major Japanese companies. I was able to use this experience as a research laboratory of sorts. First, as vice president and general manager at the computer division Toshiba America, where I led the team that built Toshiba's

Introduction

lap-top business from zero to \$350 million in less than a decade and, more recently, as president of Seiko Instruments, USA, I've discovered how to improve the Western management style by combining it with some very specific Japanese techniques. In addition, as a member of a variety of senior-level management groups such as the Young President's organization, SOCALTEN (a southern California high-tech CEO roundtable), and several southern California high-tech company boards, I've kept my Western perspective fresh. Combined with my earliest business experience at leading American global companies such as Arthur D. Little, International Data Corporation, IBM, and ITT, this background helped me harmoniously blend successful Western and Japanese management practices. Most recently my research laboratory has come full circle. In my new role as president and CEO of Etak, Inc., part of Rupert Murdoch's News Corporation, I've been able to test my alchemist ideas in a very Western business environment.

These combined management skills work! Armed with an understanding of the strengths of both Western and Japanese management styles, I'm now able to share with readers what I've learned. There are literally dozens of specific effective management skills I've derived by combining the most successful Japanese and Western approaches, fine tuning what works, and discarding what does not work. Nearly all of these techniques can be applied right away by individuals and by companies seeking to compete more effectively. However, making these changes won't be easy. Most of them require crucial, yet subtle, changes in personal orientation and at least some appreciation of the role culture plays in business.

This book is designed to help make these changes. As a manager for the past 20 years, I've read most of the previously published books on both Japanese and Western business practices. Nearly all of them were penned by academicians, consultants, and journalists rather than people with

The book that shows you how to blend the world's best management skills to outperform your competition...

"*Alchemy of a Leader* provides practical and useful interpretations for many of the most intriguing contrasts between Japanese and Western management styles. Rehfeld has drawn upon his substantial experience as an executive within the U.S. operations of Japanese companies to create a thoughtful, experience-based guide. He correctly asserts that synthesizing powerful, productive practices across management cultures will be an important skill for tomorrow's winners in the global economy. *Alchemy* is well worth reading."

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