Eisai Activities : Realizing the hhc Concept based on Knowledge Creation Theory

Chihiro TAKAYAMA*

1. Introduction

Eisai is a research-oriented, global pharmaceutical company committed to improving the health of all individuals worldwide regardless of wealth or geography. We give our first thoughts to patients and their families and are committed to help improve the lives of patients and their families – a principle grounded in Eisai's human health care (hhc) philosophy, which has been embedded into our Article of Incorporation and national programs across the globe. We realize this using the Knowledge Creation SECI (Socialization, Externalization, Combination, Internalization) Model*1, emphasizing the importance of socialization. Socialization with patients and understanding their tacit knowledge of pleasure, anger, sadness and joy is an essential part of hhc. We recommend all Eisai employees to spend 1% of their business time in socialization, namely spending time together with the patients.

Eisai have created a solid system for the creation of high-quality innovation activities at a global level based on the hhc (human healthcare) concept (Corporate Mission). Along with globally spreading the hhc concept as a living guidepost to provide a challenge, Eisai can faithfully reflect it in daily work in an effort to further increase the satisfaction of the patient, which is the goal of company.

Two factors that are vital in creating hope to the patient are first, to recognize the feelings of the patient and work in coalition with individuals inside and outside the company, and second, to conduct hhc activities through the daily work of each employee.

To accomplish this, Knowledge Creation Department (KCD) will focus our development of personnel on global knowledge training at the global level, such as workshops to develop the hhc mindset and promote hhc-driven innovation activities, and KCD will focus on knowledge leaders training for each organization at Eisai.

In addition, to promote hhc activities, KCD will strive for a high level of quality in the

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hhc-driven innovation activities of each organization globally based on Knowledge Creation Theory, and follow up continuously with each theme.

2. Recognizing the feelings of the patient

hhc represents our commitment to the idea of giving first priority to patients. To achieve the hhc dream as well, each employee must recognize the feelings of the patient. Special effort must be made to do so. Each employee must stand by the patient and experience that implicit knowledge together to recognize the feelings of the patient.

"How to live well" is the ultimate question facing people regardless of time or place. People must be strong, but at the same time weak. If individuals are not strong, they cannot protect their existence. However, this means the maintenance of their existence as living creatures. When they become weak, individuals understand the hearts of others, in particular patients who are weak, engage in true communion, and return to the fountainhead of existence. This mentality is the hhc mindset.

There are currently approximately 700 hhc projects being implemented around the world, and it is extremely important that each employee gain the implicit knowledge held by patients through these hhc projects. This is what gives hhc projects their meaning.

3. Realizing hhc mission through daily business

Another point of significance of hhc activities is to continue to realize hhc mission through daily business. It is important to conduct daily business with the desire to do something to create hope for the patient.

For example, whether in sales, production, or research and development, what each employee select from among own options in work depends on its value in leading most effectively to hope and satisfaction for the patient, and in realizing hhc through day to day business.

4. Expansion into Emerging Markets

Eisai took a two-pronged approach to this goal : supplying low-cost drugs and promoting public-private partnerships (PPPs) to provide people with access to medicine. In December 2009, Eisai opened the Eisai Knowledge Centre, India as a "factory at which Eisai can produce inexpensive drugs which patients in emerging countries can afford." Eisai could produce drug ingredients and formulate tablets and capsules more cheaply there, making the best use of local talent with experience in generics and inexpensive manufacturing equipment. Eisai would then supply those products to emerging countries in Asia and Africa. As for PPPs, Eisai announced in January 2011 that it had signed

a PPP agreement with Apollo Hospitals, a hospital chain operating all over India, and HelpAge India, the largest not-for-profit advocacy group working to voice the needs of the elderly in India. Eisai and these two Indian institutions agreed to develop and implement a program to educate, screen, diagnose, treat, and improve adherence among patients with Alzheimer's disease and depression. Eisai entered India in early 2000s and grew its share through steady marketing activities despite the presence of many generic drugs, but also found limits to organic growth. PPPs were the scheme to expand its activities in emerging markets by getting support from the public sector.

Tiered pricing refers to a strategy in which different prices are charged depending on the country and patient income level. This is the pricing strategy we applied to our new anticancer agent Halaven®, which we plan on rolling out for sale in stages among many emerging and developing countries from fiscal 2013 onward. In India, for example, the pricing of this treatment will be carefully tiered according to the income level of patients. We project that this tiered pricing will result in a dramatic increase in patients with access to Halaven®.

In November 2010, Eisai signed a statement of intent with the WHO to develop and supply free medicine for the treatment of lymphatic filariasis, for which there was insufficient supply of effective treatment. Eisai agreed to produce and supply WHO with up to 2.2 billion 100-mg tablets, adhering to WHO's high-quality standards, between 2012 and 2017. The drug would be produced at the factory in India. While many global pharmaceutical companies had supplied free drugs to WHO, they had done so using existing supplies of drugs for which the patents would soon expire or already had. Eisai was unique in making a substantial investment to develop a drug. In addition, even after supplying the agreed-upon quantity of free drugs, Eisai would remain committed to building a mechanism or community to deliver the drug to patients. Naito defined this partnership with WHO as "ultra long-term investment with the range of 50 to 60 years to develop healthy and sound markets in least less-developed countries."

5. Conclusion

"What will you do to create hope for the patient to change from 'being alive' to 'continuing to live?'" Each of employee must first ask themselves this question and examine our own way of living, then engage in dialogue regarding it with the members of our organization who are around one, to create an organizational hhc vision from the standpoint of the patient.

Staunchly protecting each irreplaceable day for the patient and activities with the realization that the job involves matters of life are quite simply to "think the unthinkable!" Eisai will continue to further accelerate transnational hhc activities.

Eisai mission now is for all Eisai employees to move forward creating hope that will shine intensely on all life that desires to "continue to live."

Localization of R&D and the Knowledge Transfer : Implications from the Study of Japan-China Automobile JVC

Hideo UEKI*

China has been No.1 automobile country in the world in terms of production and sales in the automobile market. Besides, the development of original brand cars has been driven by the industrial policy of Chinese government. Therefore, the need to foster human resources and organizational capability is pointed out. As the local automobile firm still lacks these organizational capabilities, there is a new role for Japanese affiliated automobile firms to collaborate with their Chinese partners for the transfer of knowledge and technology in China.

This study investigates the state of the art of knowledge creation, organizational learning, and HRD at the development function of Japan-China Automobile JVC. In this presentation, the case of Tensing Ichiki Toyota JVC has been analyzed, based on the framework as shown in chart1, and interview investigations.

This JVC has coped with organizational penetration of Toyota way management, and has practiced basic solution through 5 why in their daily operations and HRD. These efforts have been set up in the operational standardization, established as non-imitative capability, so that it could be the powerful resources of competitive advantage.

Besides, the R&D of Japanese automobile firms has focused the sources of core capability in the main R&D center from the globally centralized hub type control strategy, thus imitated these knowledge and technology in the foreign development units until recently.

However, in accordance with the global operations and the development needs of host country, they have recently established and enlarged the development center in China and other main countries so that they could be able to cope with the localization of designs and internal equipments for the Chinese users' desires in the intensive environment of competitive new brand car development. Therefore, it has been vital importance to promote the knowledge transfer of R&D by globally coordinated federation type. According to the context, new R&D center of Toyota（TMEC）has been constructed in

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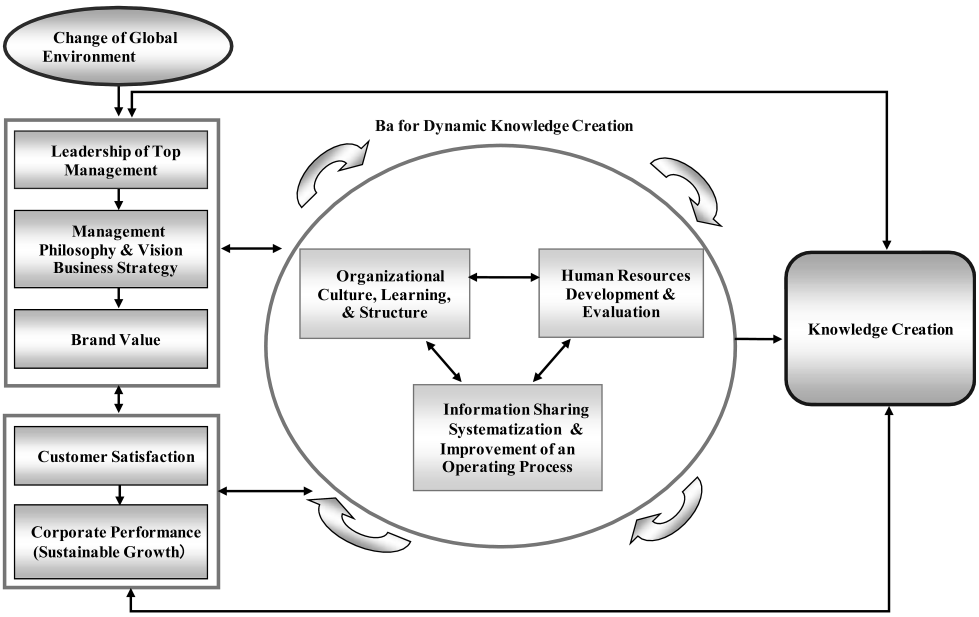
Chart 1. Management Model Framework of Knowledge Creation



Source : Hideo Ueki et al. (2011), *Chi wo Sozo suru Keiei (Knowledge Creating Management)* Tokyo : Bunshindo.

2012 at the development district of Jiangsu Province in China for the development of hybrid cars and new development of lower fuel cost cars and produce the core components from 2014 in China.

As mentioned above, the importance of fostering the knowledge creative personnel from Know-How to Know-Why type has been suggested.

Furthermore, it is suggested to localize the function of R&D and delegation of authority from the head office to the local JVC, thereby it is also vital to cope with HRD remedies from the perspective of global business model strategy.

In accordance with the development stages of the knowledge (management & technology) transfer from home to host country, the maturity of organizational learning shall take the process of creative innovation from imitative learning to adaptive learning stage, then after innovative learning stage. Thus, the organizational management of R&D shall be evolved from centralized control type, and coordinated federation type into transnational type.

As the relevance of enhancement of the stage theory of economic development of management and technology transfer, the maturity of organizational learning, and a R&D executive organization form being shown in the chart2.

That is, in connection with the development stage of management and technology transfer progressing high order, the maturity of organizational learning will follow the process of creative innovation from守 (Basic Learning), 破(Adaptive Learning), and離

(Co-creative Learning).

Furthermore, it will be evolved into the meta-national type, which emphasize the dynamic co-creation process not by relying on the only base of own R&D facility, but by evaluating the role of alliances with outside firms positively. Therefore, it will foster the global collaborative networking of R&D management.

Table1. The Development Stages of Knowledge Transfer, R&D Organization, and Organizational Learning

Development Stage of Knowledge Transfer	Evolution of R&D Organizational Management	Maturity of Organizational Learning
1 Imitative Learning	Centralized Hub Type	守 Basic Leaning
2 Localized Improvement	Centralized Federation Type ↓ Coordinated Federation Type	破 Adaptive Learning
3 Indicative Creative Innovation	Transnational Type ↓ Transnational Type → Meta-national Type （Global Collaborative Networking）	離 Co-Creative Learning

Source : H. Ueki (2011, 2013)

From the field study observations mentioned above, Japanese leading automotive firms have been shifted from the first stage to the seciond stage recently. However, it it wii be nesesarry for their R& D function to the third stage ,i.e.meta-national and globally collaborative network type of the innovative organization in order to meet with the paradium shift in the globally conmmpetitive open innovation.

That is why, it will be be vital for them to foster R&D for the third innovated stage, strengthening Know-Why creative capabilities of personnel, as well as dynamic organizational capabilities in the era of co-creative and collaborative industraial eco-system networking.

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Implication of Chi (Knowledge evolution) Management

Takanashi, TOMOHIRO*

Definition of "Chi Management" :

Chi (Broad sense of Knowledge) Management should be defined as follows :
"A systematic approach to discovering, understanding, sharing, creating and utilizing Chi that will produce value (for customers, employees, managers, shareholders, business partners, society and government). It aims at establishing and maintaining effective systems of transferring necessary Chi smoothly to appropriate personnel at a proper moment at proper place."
(Source : "Understanding Knowledge Management" Tom Takanashi, the author and editor, Nihon Jitsugyou Publishing Co. Ltd. June15, 1996)

To define 'Knowledge' which is dealt with in Knowledge Management is difficult. What is generally referred to as 'Knowledge' refers what is recorded in the new cerebral cortex and the limbic system as memories of experiences and matters in which one has been involved throughout one's life since the time of birth.

A similar word, 'Wisdom' means one's capacity to tackle matters effectively. It's related to one's action in the various fields.

Another word 'sagacity' means superior knowledge to discern profound reasons of life. In elaborating the concepts at our academy, business schools or seminars of Knowledge Management , I have used a five-layer Knowledge related Pyramid for management concept consisting of, from bottom up, Data, Information, Knowledge, Wisdom and Mind. It is "Chi Pyramid" concept.

Conventionally, Data specifying numerical values and facts are rather static, providing little practical meaning. Information is comparatively dynamic in the sense that it is processed Data, having certain meaning. Knowledge (described as Chi-shiki in Chinese character) is information that is valuable to certain individuals or organizations, while it may mean a static concept of piled information. As for Wisdom, Knowledge that has proved valid in action is called Wisdom (described as Chi-e in Chinese character), which thus may be rather dynamic.

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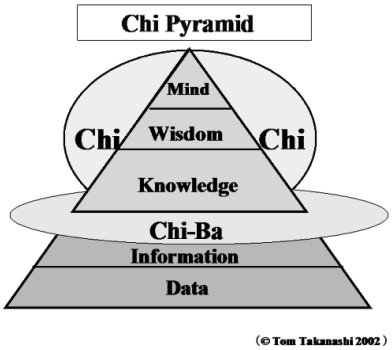
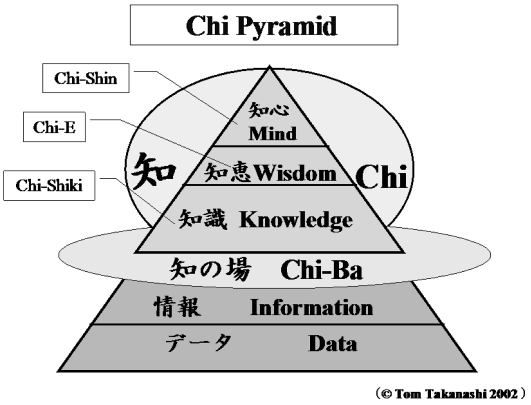
Now, Mind (described as Chi-shin in Chinese character) at the top of the Pyramid means personal attitude, corporate culture, human relations or aspiration which are indispensable of driving business processes. (See chart below).





The top three layers, namely, Knowledge (Chi-SHIKI), Wisdom (Chi-E) and Mind (Chi-SHIN) for which we have Japanese words respectively (Chi-XXX) are altogether called 'Chi' (a Japanese pronunciation of Chinese word 'know' ,'knowing', 'sense', 'intelligence', etc.). Excluding Data and Information underneath of Chi (see chart), Chi indicates usable information of Knowledge, Wisdom and Mind.

In order to take care of the whole matters for improvement and innovation, we need 'Chi' including these three factors.

Also it may be used like 'Chi-Management' referring to a typical Japanese style management taking into consideration more human psychology.

'Chi-Ba (= Ba of Chi)' showed at Chart, or "Community of Chi" which means place and affects functions of Chi, is located between Chi and Data/ Information. This place or community means not only physical place but also human space-time.

More than ten years ago, we as KMSJ promoted to incorporate a lot of knowledge into the production system such as Toyota Production System so as to improve productivity. Those days, we did follow the Deming Cycle PDCA (Plan - Do - Check - Act) very rigidly throughout the production system.

We also developed and deployed the QC Circle and Kaizen (Improvement activity) from the viewpoint of Knowledge throughout to improve industrial competitiveness. I may safely describe such a production system as "based on a mechanical system". But this "mechanical system" doesn't necessarily work in the new social system, especially in 21 century.

For example, Customer Satisfaction (CS) comes from "customer value creation" in relation to personal orientations, good health care, environment friendliness, safety and peace of mind, etc. in the so called Knowledge Society (I call "Chi Society").

Because the system and the production process represent “hard” phases of production, they tend to ignore peoples’ minds. Knowledge management is strongly related peoples’ mind as many scholars have pointed out. However, Chi Management is not merely Information System, even not just Knowledge Sharing System. We have to take into consideration the cultural issues surrounding them in order to improve the process, for it is people that would steer and drive the process in respective countries.

The so-called Knowledge Management may be fading away, because not everything can be solved by only Knowledge.

Any Management has to take care of the whole situations. Partial knowledge is not enough to solve the whole. You might need Wisdom Management. You might need to manage staff’s minds in certain cases.

You need Knowledge (Chi-SHIKI), Wisdom (Chi-E) and Mind (Chi-SHIN), for which we have Japanese words respectively (Chi-XXX). In order to take care of the whole, we need these three factors.

Because there are human minds involved in the any procedures in business world or any organization actvities, you cannot disregard the people (or employee). You might have a wonderful mechanism i.e. new IT system. But they might say ; “I have never heard of it” or “It is not the way I am used to do, so I cannot do it”. So, the human minds should not be put out of the equation. On the contrary, they should be a part of the equation. “Chi” encompasses these three.

As you realized, “Knowledge Management” has been changing and enhanced to “Chi Management” including wisdom and mind. Especially, Chi-Management is applicable to improvement and innovation phase in any organization or company.

In other words, the cultural dimension is crucial to implement the Chi Management successfully in your organization or company.

Suzuki's Strategy in Asia and Transfer of Knowledge

Katsuhiko KUME*

On Nov.6, 2012, Nikkei reported that Suzuki decided to retreat from U.S. auto marketwith their U.S. subsidiary filed for the bankruptcy procedures under Chapter 11 of the U.S. Federal Bankruptcy Code in consideration against claims from U.S. car dealers. Suzuki made it clear that they would concentrate their resources more on Asian market, paralleling with withdrawal from U.S.market, which is quite natural decision for them to make.

Because Suzuki have been good at manufacturing small-sized motor vehicles , which are suitable goods for most of Asian markets.

In these several years, small sized cars have been increased in number and its share of sales in Japan, supported by the fact that recent carbon dioxide effluent control and mileage efficiency leads consumers to be attracted by small sized cars besides reasonable prices of small cars offered.

In Asian countries especially in ASEAN countries motorbikes have been one of the most popular transportation tools. However recent economic development in these countries changes their situation, from production bases with low-paying to consumption markets with each national income to grow. So more individual consumers started to buy motor vehicles instead of motorbikes.

Furthermore Suzuki has a good experience to make Maruti in India become the top car maker in India, transferring Japanese technologies and systems of car manufacturing.

These facts caused Suzuki very confident that their concentration of investment in Asian countries is what Suzuki is supposed to do, even though it is bitter for them to have retreated from U.S. market. Of course concentration in core competence is one of their corporate philosophy and is easily acceptable to Suzuki people.

Then transfer of knowledge will be more important than before in these countries. Transfer of knowledge includes not only production technologies but also know-hows on total systems including purchasing, distribution ,quality control and so forth. It is remarked that meaning of this transfer of knowledge has been changed since the recent setting up of production bases contained engine factories, which is accumulation of or-

* Executive V P, Knowledge Management Society of Japan

ganizational excellent knowledge. This suggests Suzuki's commitment to Asian markets is in all seriousness.

Suzuki had already same kind of experience with Maruti in India. Therefor it wouldbe meaningful to explain about how Suzuki transfer their knowledge to Maruti in India.

Most important thing is that technology transfer requires sharing corporate culture or philosophy. Each technology is connected with others making a certain organic system.

There must be an organizer with certain vector to connect technology with each other to meet factory production. However it must be also remarked that environment of Asian market are very changed, that is , labor strikes occur very often and compliance of business fields have been tightened recently.

Muruti started their operation at Gurgaon factory in1983 in total support of Suzuki. They needed skilled workers as well as production technologies and systems. Those Maruti leaders and workers were trained in Suzuki's factories in Japan, through working together with Japanese workers and staffs. On the other hand Suzuki sent many engineers and experienced workers to Gurgaon to train and instruct the workers one by one how to produce cars. The training is started with morning greetings, gymnastic exercises and actions of preparation for operating machines. Thus technology transfer requires sharing cultures.

Maruti top management agreed to adopt Japanese(Suzuki) way of management in greeting when arriving at the company each morning at Maruti, which included introduction of concepts of Genba-ism, Group Working Room and elimination of caste custom within Maruti, having employees wear uniforms and use factory canteens without any exceptions. Above all the most important thing is the creation of reliable cooperation between unions and management with seriousness.

Current Situation of Medical and Nursing Care in Japan and Knowledge Management

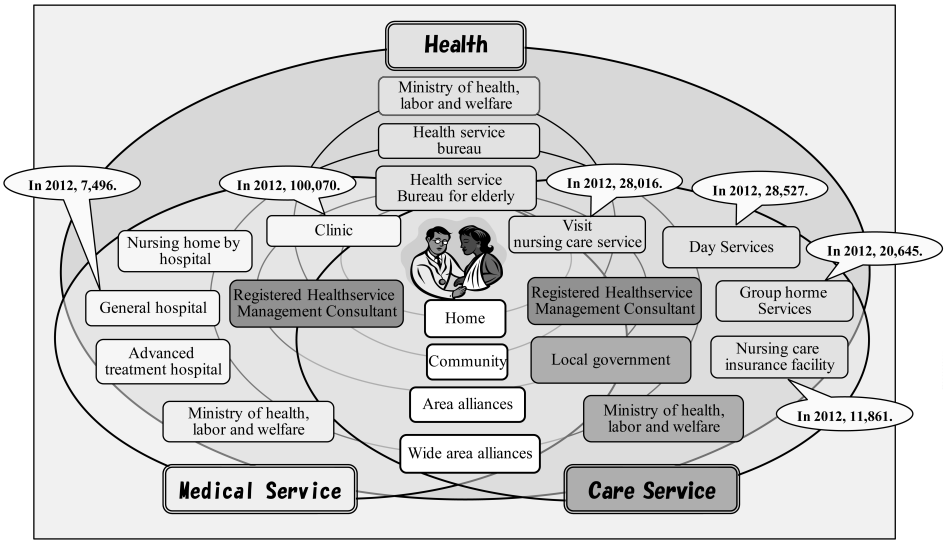
Yoshikazu ONOSE*

Japan is a welfare state in the world that has achieved universal health insurance. However, due to the rush to super-aging society with more than 23% the rate of aging, present Japan is struggling to realize a user satisfaction while pressing the cost of medical and care expenses for expansion.

The Major social security system in Japan, there is a social insurance and labor insurance and health insurance, pension and nursing care insurance, such as work-related injury insurance and unemployment insurance. However, today greeted the aging period, the sustainability of the social security system are under threat.

In the medical and nursing care authorities of Japan, they promote IT system introduction as order ring system and electronic medical record system in order to achieve efficiency and visualization of management of medical and nursing care expenses. How-

Fig. 1. Medical and Nursing Care System in Japan



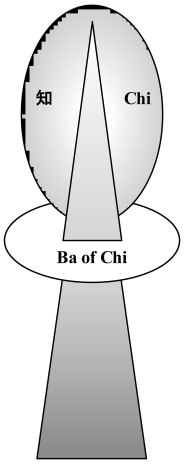
Source : Yoshikazu Onose

* Managing Director NPO VERSTA

ever, its introduction is much lower than the initial plan, it is a major issue in the medical and nursing care industry. (See Figure 1)

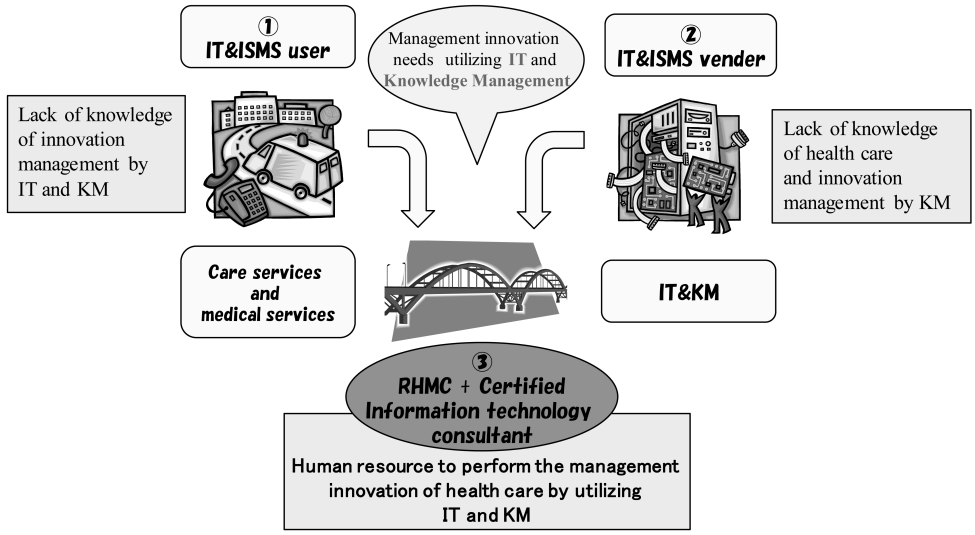
At the conclusion of this presentation, management innovation by KM and IT has been required in medical and nursing care industry, is being pointed out the importance of the role of Registered Health service Management Consultant + certified information technology consultant as its supporters. (See Figure 2&3)

Fig. 2. The Management Innovation Model in Health Care Management by KM&BSC

KM		BSC			
The pyramid elements of Chi Management maturity		***Perspective of financial***	***Perspective of Customer***	***Perspective of business process***	***Perspective of learning and growth***
	**Level5th**:Chi Mind（知心）	・Transparency of management	・Business ethics	・CSR-enabled business innovation	・Ethics employees
	Level4th:Wisdom（知恵）	・Disclose financial statements	・Iimprovement of user‘s situation	・**KM** ・**BSC** ・Risk management	・**Knowledge sharing**
	Level3rd:Knowledge（知識）	・Management analysis	・Privacy Protection	・Compliance Management	・Duties skills sharing
	Ba of Chi（知の場）	・Budget plan ・Settlement of accounts	・Quality of service ・Quality of management	・External evaluation	・Education and training
	Level2nd:Information（情報）	・Variation in balance of payments	・User survey ・Employees survey	・Business report ・Incident reports	・Clarification of the required business Skills
	Level1st:Data（データ）	・Income ・Spending	・Customer claims ・Customer's thanks	・Business processes specified requirements	・Officials Skills specified requirements

Source : Yoshikazu Onose

Fig. 3. Human Resources Required to Support Heaith Care Management Innovation By Utilizing Medical and Care Information System : Conclusion



Source : Yoshikazu Onose