

Development of Case:
“Strategic Role of Contemporary Entrepreneurs”

Onisi
Mr. Takashi Onisi: My Life with Textiles

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Mr. Takashi Onisi: Personal History

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1. Going to a School in Osaka by Parental Decree

Mr. Takashi Onisi was born in Ujiyamada-shi (present Ise-shi), Mie Prefecture, on July 18, 1933, as the oldest of six brothers. His father, Mr. Shinpei Onisi, established Onisi Industry, the predecessor of Onisi Iryo, in 1941, and Mr. Onisi Junior entered this company in 1952 upon his graduation from Tennoji Commercial High School in Osaka. Mr. Onisi recalls the situation at that time as follows¹.

“My father was engaged in wholesaling of sundries and cosmetics in Ise-shi before he started this business. The war-time regulations in textile goods were lifted in 1949, and my father decided to come to Osaka and start a textile wholesale store. I finished junior high school just in that year, and went to Tennoji Commercial High School obeying my father’s order to go to high school in Osaka. He did not have a store yet, but I came to Osaka alone, stayed at a boarding house and went to school. I was an enthusiastic basketball player while in school, but had made up my mind to succeed my father’s business. (That’s why) I did not have any objection to coming to Osaka.”

Our family came to Osaka a half year later and began the business, and the name ‘Onisi Iryo (garments)’ was given at that time. My father always gave trust the priority in his business. I worked with him always looking at his back.

2. Developing Cash-and-carry Wholesaling

Mr. Onisi’s reminiscence continues. “I graduated from Commercial High School in 1952 and began helping my father’s Onisi Iryo, a textile wholesaler. I was put in charge of the smallest of three stores, Marukichi, in the textile business zone of Umeda, where the feeling of black markets still lingered. The store catered the buying needs of regional wholesalers and large retailers who came to Osaka to buy their merchandise. There was a head clerk, but I had to do everything in the store. I was not even 20 years old then.

One day a knit underwear maker in Izumiohtsu-shi, Osaka, brought his samples to our store and asked me to handle his goods. He was a serious man who quit teaching to help his family business. When I asked him his costs, he’d answer honestly. I liked him very much and told him ‘I’d buy all you can make.’

But shipments from him came in everyday and we could not hold them in our small store. In the end, we asked Miyako Seni in Tokyo, which was one of our customers and a cash-and-carry (self-service) wholesaler, to take over our inventory².

Miyako Seni sold in cash and small quantities. My father, Shinpei Onisi, took a hint from Miyako Seni and opened a cash-and-carry wholesale store in 1954, which sold in small quantities and would not accept credit, breaking the business practice of those days to sell by the dozen and on credit. He closed down four existing stores and started his operations in a small store (only 36 square meters big) in Shinsaibashi, the first of its kind in Osaka. For example, a small retailer might need only three L-sized pieces of underwear and not a dozen. My father would sell them in cash. He would not give discounts even for a fraction of yen, but sell as cheaply as he could by keeping down gross margins. Since the store was small and clerks were few (15), it was so revolutionary at that time that there was a misunderstanding initially that a wholesaler started a retail business.

Actually, while I was helping my father’s wholesale store, I was doing the buying job

for Miyako Seni. I'd send the merchandise I bought from textile manufacturers in Osaka to Miyako Seni. I was its Osaka branch so to speak. I believe that he made up his mind about opening a cash-and-carry wholesaler because I often visited Miyako Seni's Tokyo store and told my father how prosperous it was. I was well liked by the president of Miyako Seni as if I was his son, and he used to teach me various ways to conduct business.

(But when) my father opened the store in March, it did not sell and was continuously in the red. He must have thought that a cash-and-carry wholesaler could not do well in Osaka. He lost patience and went to consult with the president of Miyako Seni on June 20 with me. He advised us that "summer goods will peak in July. Be patient a little longer." Just as he advised, the sales shot up at once in July that turned out to be the month in which undergarments for summer started selling at the retail level. Since small retailers could not have much stock, they came to our store to buy only after they had sold out their merchandise. They were short in cash those days and their needs fitted our store well because we sold in small quantities. After that the reputation that you could buy cheaply even in small quantities spread quickly and the sales went up rapidly every month³.

My father went through hardships with money, so he staked everything on the 36m² store. Even when the store was not doing well and in the red, he would sell only at the marked price, no matter how much he was pressed. He said that once you gave discounts the price tag would become meaningless. Then our sales started to go up rapidly and we saw no ceiling. We'd close the empty store at 8PM, then go to buy our merchandise, put price tags in the midnight, and so on; we just had to keep moving. Since Osaka, unlike Tokyo, was the production center of textiles, it would have been a shame if we run out of merchandise to sell. Sales kept doubling, and two year later the store was enlarged to 231m², and we passed Miyako Seni in sales in five years.

In those days we set the basic objectives about a cash-and-carry wholesale business as 5% gross margins, 3% expenses and 2% profits, of which 1% was taxed and the profits after tax was 1%. Even after the bubble burst, our cash-and-carry wholesaling department could operate with profits before tax of 2%.⁴

3. Learning Self-Service Systems from America

Mr. Onisi Senior, Shinpei, went to see America in 1957. In the same year he established the foreign trade department to obtain foreign exchange allocations. Mr. Onisi Junior, Takashi, became the head of the new department and went around South East Asia, Europe and America in 1959. This was the first step of the company's internationalization. Mr. Onisi (Junior) remembers as follows.⁵

"My first trip to America in 1959 became a turning point of our business. My father went to America two years earlier and told us how fantastic it was after he saw multi-over crossovers of super highways and supermarkets with his own eyes.

I participated in a seminar in Ohio for retailers and wholesalers who were cash register users. After morning lectures we visited supermarkets. At that time department stores were only large-scale retailers in Japan. The self-service system, in which customers put goods they chose in baskets and paid at the register, appeared a really fresh to me

At that time I had worries like "Can we really do business like this?" and "Wouldn't

this encourage shop lifting?” but the principle was attractive because labor costs (for shop clerks) could be saved and the merchandise could be offered at lower prices by adopting a self-service system.

We first put telephones here and there in the store. We also had shopping baskets made for the use inside the store. Since we could not find anything of the sort, we went to a manufacturer of bird cages and jointly developed shopping baskets, because the pictures of shopping baskets my father took looked like bird cages. That was the first domestically made shopping basket. Then we had selling stands made in steel, because, when we were using wooden selling stands, at least one was broken a day and clerks had to do carpentry to mend it. You cannot reduce costs of anything new like this (steel stand) if you are the only one using it in the industry. I remember that, to take advantage of scale merits, we tried to involve the early supers, such as Daiei and Nichii.”

4. Revolution in Distribution Channels

“We took America as an advance model of everything in those days (in Japan then). My father went to America in 1957 and I also did so in 1959. Both of us visited many stores, participated in seminars on distribution, and were much impressed by the rationality of self-service, which is now common in Japan. With a little foresight about the diffusion of self-service stores, we registered “self” as our trademark in 1957. We introduced American-style shopping baskets in our store just about this time.

At that time, many people in Japan were aiming at the revolution of distribution channels after the American fashion. Mr. Shunichi Atsumi, business consultant, started Pegasus Club in 1962. Mr. Isao Nakauchi, who was chairman and president of Daiei, Mr. Masatoshi Itoh, honorary chairman of Ito Yokado, and Mr. Takuya Okada, chairman of Jusco, all still in their late thirties, gathered and discussed the future of distribution business in Japan all night. I was 29 and the youngest member of the Club. I met Mr. Akio Wada, chairman of Izumiya and in my age group, at one of the study session of the club⁶.”

Mr. Onisi also recalls his American experience in the following manner. “Later my father told me to go and see the reality of the American distribution system, so I made a tour of the world in 1959. We had already begun exporting to under-developed countries, but that kind of merchandise would not be even looked at in America and Europe. I was shocked by large shopping centers in America⁷.”

5. Information Revolution in the Industry

“We introduced the world’s first online real-time computer system in the distribution business in 1966. My father had a good understanding of why computers were needed. But he did not understand computers. He even asked ‘Won’t electronic computers explode?’⁸”

Mr. Onisi (Junior) explains the reason for computer introduction as follows. “A company athletic event triggered it. Employees were marching by sections behind a placard. I noticed that the number of employees who belonged to the statistical section (50) was the same as that of checkers at the cash registers. Worse still, employees in the statistical section were simply re-inputting records from cash registers into vouchers. I asked Japan Management Association if they could help us out in some way. They

suggested that, by connecting cash registers with a computer, we could build a new system in which order vouchers to manufacturers were automatically generated by simply inputting merchandise number, quantity and price. When I reported to my father that this system was the world's first, he said 'All right. Do it.'

(After the introduction) I realized an unforeseen merit. We could see how many garments of which color and design were sold everyday. The data were subtly different from the feeling of the employees in the selling floor who were supposed to be watching sales trends. By grasping sales trends accurately by the data, it became possible for us to handle high-risk garments such as lady's blouses and sweaters. We started from knit underwear, but thanks to computers we could expand our selling floor successively and could eventually develop into an integrated wholesaler of clothing, an American-style one-stop shopping store where the retailers could complete all their requirements⁹."

6. Becoming President

In 1975, Mr. Onisi Senior moved to Board Chairman and Mr. Onisi Junior became President. He established a series of subsidiaries such as SI Center (present Tenken Soui) that sold store fixtures and did store designing and construction in the same year and Valeur, a mail-order business, in 1988, Family-Joy, a merchandise self-replenishment system for utilitarian clothing in 1989.¹⁰ Mr. Onisi (Junior) recalls the period in the following way.

"My father and I used to go to worship at Ise Shrine on New Year's Day. One year he saw a lunar calendar in Ise Shrine and angrily said 'I just turned 69 (he was born in December) but this says 70.' On the way home, he said "Takashi, you take my place as President. I am already 70, and my ideas became old.' I told him "Don't be hasty," but took over as President in the fall of that year.

After I became President, the new businesses I started were all related to computers: order taking with CG (computer graphics), a POS register system using bar codes, etc.

The sales and profits of Onisi Iryo were the best in 1995. Since then we had done major restructuring of the entire group, and, as the subsidiaries started making profits, the consolidated profits have improved. The profits of Onisi Iryo kept declining, but finally stopped declining this year (2002). I am hopeful that its profits will turn black in the future.

When the restructuring was completed two years ago, Mr. (Megumi) Ishikawa became President. My three children are all independent now and live in Tokyo, Beijing and Chicago. A complete separation of capital and management has been completed. The last few years were hard on medium- and small-sized companies, not just on our company."

7. Business Creeds

7.1 On entering in retailing

"I wanted to do it. But my father objected by saying 'We make our profits by selling to retailers. We will not draw a bow against our customers.' There was a plan to start a chain of store specializing ladies wear in 1969, but this had to be discarded because of my father's objection.

We don't know what would have happened if we went into the retail business. Maybe we became as large as the scale of Izumiya. But ladies wear chains are having a rough

time from over-competition lately. I believe that, by sticking to cash-and-carry wholesaling and not entering retailing, we have managed to come this far.^{1 1}”

7.2 On prospering with retailers

“The number of retailers who are our customers is declining because of their competition with high-volume (discount) retailers and the difficulty of securing successors. In order to survive in a period when the piece of a pie for all cash-and-carry wholesalers is decreasing, we have to increase our share of the piece. To strengthen merchandising planning we divided the organization into two in February, 1998. The first division would develop fashionable merchandise aimed at small stores near Osaka, and the second division would do so for large regional stores.

(Though there are more cash-and-carry wholesalers who are also in retailing), we will not do so. But, it would be a different story if we could develop a business that can coexist and co-prosper with retailers. We started the Family-Joy business in 1989 which carries on the entire operation for a practical garment corner of a retail store, from assorting to replenishing of merchandise, using POS (point-of-sales information management system). We now have 330 franchisees. This business model also has merits to retailers by allowing them to concentrate on their specialty or to expand the number of stores.^{1 2}”

Mr. Onisi talked about the importance of customers in April, 2005, as follows. “While expanding our businesses, we had losers like children’s wear and winners like store design and construction. We changed our name to Apicirc in March of this year (2005) because we have many businesses unrelated to textile, but I believe that, regardless of which business we are doing, we should value the most important business assets: customers.^{1 3}”

8. Public Services in the Business Circles

Mr. Onisi currently (in August, 2002) holds such positions of importance as Vice President of Osaka Chamber of Commerce, Chairman of Medium and Small Business Committee at Nippon Chamber of Commerce, and Special Advisor to Osaka Knit-wear Wholesalers Association. He is active in making proposals and requests to the governments from the position of medium- and small-sized businesses.

“I carry many name cards somehow. I took over all the head positions of various organizations which my father had 17 years ago. There are jobs related to Nippon Chamber of Commerce and others, but I always give priority to public positions that are close to me. Now I spend much time as President of Senba-Shinsaibashisuji Wholesaler Cooperative.

It was hard to perform external public services, when we had to restructure our own organization. Especially, I had to do many jobs related to the national measures for medium- to small-businesses when I was the head of Medium and Small Business Committee of Nippon Chamber of Commerce. Of 6.2 million firms in Japan, 93% are medium or small firms. The national policies toward medium and small firms are important in Japan’s economic activities. In particular, financial supports have quicker effects in saving medium and small firms in distress. So I tried to help linking up those firms and financial institutions, but such nation-wide jobs are slow and very stressful.

I will continue some outside works, but I would like to help out by doing what no other

person has experience with. The job I want to do immediately is the modernization of China's distribution. Someone will have to do it there at this time. There are few people with both time and my experience with cash-and-carry wholesaling. So I trot around Chinese cities in sneakers and do marketing. I think a few years are left for me to do the job.^{1 4}"

I have been Vice President of Osaka Chamber of Commerce since 1996. The late Mr. Susume Matsumoto, then Vice President, requested me. I wanted to decline and went to consult with a key member of Osaka C of C, Mr. Yoshinori Nishioka who passed away recently, but he persuaded me by saying "I want to tell your father 'I made your son a vice-president' when I see him in the next world. You should do it. Do it." When my father came to Osaka from Ise, he opened the first store right in front of Mr. Nishioka's store. For two generations we had been much indebted to him.^{1 5}"

9. Private Life of Mr. Onisi

Mr. Onisi talked about his private life in March, 1997, as follows.^{1 6} "I had the 50's shoulder (subacromial bursitis) when I was 50 years old. Since then I make it a rule to walk 5000 steps a day, and if the number of steps is short, I get off the car near my house and walk when I go home. I got a scuba diver's license last year. You can meet coral reefs and tropical fish, If you put on a 7 kg (in fresh water) or 8 kg (in salt water) weight and walk in the water. I am very much interested in this and planning to go and dive in the Maldives and the Gold Coast in Australia.

Since a business friend of mine sent me many jazz tapes, I used to listen to favorite jazz pieces in my car when I was young. Since I had tapes at home my son became interested in jazz and eventually went to a music school in America to play jazz drums.

My wife, Chieko, and I met by arrangement and got married when I was 27 years old. That was the time when we were acquiring a building from Renown and I was busy with negotiations with banks. But we must have been linked by a fate.

Mr. Kon Omura, a talent, lives in front of our house, and we get together for dinner sometimes. Mr. Omura often comes to our house when his wife is away, saying 'I'd visit the house of my second wife today.'"

Endnotes

¹ "New Personal History in Kansai Region: Mr. Takashi Onisi (69) Chairman of Onisi Iryo – (1) , Interviewer: Yukari Takebe," *Sankei Shinbun* Osaka Evening Edition, July 29, 2002.; "[Turning Point] Mr. Takashi Onisi, President of Onisi Iryo and Vice-Director, Osaka Chamber of Commerce, Interviewer: Naoyuki Tatsumi," *Sankei Shinbun*, Tokyo Morning Edition, March 24, 1997.

² "Fledgling Periods 71: Mr. Takashi Onisi, Chairman, Apicirc," *Yomiuri Shinbun* Osaka Evening Edition, April 9, 2005, p.7.

³ "Turning Points—Encounters and Decisions 65: Changing Commercial Customs by Cash-and-carry Wholesaling: Mr. Takashi Onisi, President, Onisi Iryo (Interviewer Masahiko Ueno)," *Yomiuri Shinbun* Osaka Morning Edition, November 7, 1998, p.9; "Turning Points: Mr. Takashi Onisi, President, Onisi Iryo, and Vice President, Osaka Chamber of Commerce (Interviewer Naoyuki Tatsumi), *Sankei Shinbun*, March 24, 1997 (Tokyo Morning Edition), Life and Culture page.

⁴ "New Kansai Biographical Topography (69): Mr. Takashi Onisi, Chairman, Onisi

Iryo (2) –(Interviewer Yukari Takebe),” *Sankei Shinbun*, July 30, 2002 (Osaka Evening Edition), Economics page.

⁵ “Turning Points: Mr. Takashi Onisi, President, Onisi Iryo, and Vice President, Osaka Chamber of Commerce (Interviewer Naoyuki Tatsumi), *Sankei Shinbun*, March 24, 1997 (Tokyo Morning Edition), Life and Culture page; “New Kansai Biographical Topography (69): Mr. Takashi Onisi, Chairman, Onisi Iryo (3) –(Interviewer Yukari Takebe),” *Sankei Shinbun*, July 31, 2002 (Osaka Evening Edition), Economics page.

⁶ “Turning Points—Encounters and Decisions 65: Changing Commercial Customs by Cash-and-carry Wholesaling: Mr. Takashi Onisi, President, Onisi Iryo (Interviewer Masahiko Ueno),” *Yomiuri Shinbun* Osaka Morning Edition, November 7, 1998, p.9.

⁷ “Fledgling Periods 71: Mr. Takashi Onisi, Chairman, Apicirc,” *Yomiuri Shinbun* Osaka Evening Edition, April 9, 2005, p.7.

⁸ “New Kansai Biographical Topography (69): Mr. Takashi Onisi, Chairman, Onisi Iryo (3) –Interviewer Yukari Takebe,” *Sankei Shinbun*, July 31, 2002 (Osaka Evening Edition), Economics page.

⁹ “Turning Points—Encounters and Decisions 65: Changing Commercial Customs by Cash-and-carry Wholesaling: Mr. Takashi Onisi, President, Onisi Iryo (Interviewer Masahiko Ueno),” *Yomiuri Shinbun* Osaka Morning Edition, November 7, 1998, p.9.

¹⁰ “New Kansai Biographical Topography (69): Mr. Takashi Onisi, Chairman, Onisi Iryo (4) –Interviewer Yukari Takebe,” *Sankei Shinbun*, August 1, 2002 (Osaka Evening Edition), Economics page.

¹¹ “Turning Points—Encounters and Decisions 65: Changing Commercial Customs by Cash-and-carry Wholesaling: Mr. Takashi Onisi, President, Onisi Iryo (Interviewer Masahiko Ueno),” *Yomiuri Shinbun* Osaka Morning Edition, November 7, 1998, p.9.

¹² “Turning Points—Encounters and Decisions 65: Changing Commercial Customs by Cash-and-carry Wholesaling: Mr. Takashi Onisi, President, Onisi Iryo (Interviewer Masahiko Ueno),” *Yomiuri Shinbun* Osaka Morning Edition, November 7, 1998, p.9.

¹³ “Fledgling Periods 71: Mr. Takashi Onisi, Chairman, Apicirc,” *Yomiuri Shinbun* Osaka Evening Edition タマル, April 9, 2005, p.7.

¹⁴ “New Kansai Biographical Topography (69): Mr. Takashi Onisi, Chairman, Onisi Iryo (5) ‘I do lots of public offices’ –Interviewer Yukari Takebe,” *Sankei Shinbun*, August 2, 2002 (Osaka Evening Edition), Economics page.

¹⁵ “Turning Points—Encounters and Decisions 65: Changing Commercial Customs by Cash-and-carry Wholesaling: Mr. Takashi Onisi, President, Onisi Iryo (Interviewer Masahiko Ueno),” *Yomiuri Shinbun* Osaka Morning Edition, November 7, 1998, p.9.

¹⁶ “Turning Points: Mr. Takashi Onisi, President, Onisi Iryo, and Vice President, Osaka Chamber of Commerce (Interviewer Naoyuki Tatsumi), *Sankei Shinbun*, March 24, 1997 (Tokyo Morning Edition), Life and Culture page.

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