

Part 1: The Early Days



Delivering Local Services to  
Support Japanese Companies  
Expanding Overseas

As Japan reached its period of rapid economic growth following World War II, Japanese companies rapidly expanded into other countries.

Watching this momentum developing before his eyes in the UK, Tadayoshi Tazaki began to imagine a business model in which he would provide everyday lifestyle support for Japanese people who had ventured overseas to this unfamiliar country and were finding it a struggle.

Japan entered a period of rapid economic growth in the 1960s, propelling it to the position of the world’s second-largest economy. Many of Japan’s companies expanded their business activities at a fast pace and began to turn their attention towards the world at large. First, there was continued growth in exports; then, following the progressive liberalisation of foreign direct investment for Japanese companies from 1969 onwards, many companies decided to move away from their previous exports-only strategy, and towards manufacturing overseas. More and more companies began to set up offices overseas and move towards localised production. As the world transitioned towards a floating exchange rate system in the 1970s, the increasingly high yen also encouraged Japanese companies to establish overseas offices. This is a time when many Japanese companies began to expand into the UK, a country attracting attention as a central hub for companies making a move into Europe. In the early 1970s, a succession of major financial and insurance companies set up local overseas

subsidiaries in the UK, in addition to overseas sales offices established by major Japanese electrical appliance manufacturers.

Tadayoshi Tazaki was working for the London branch of Sumitomo Corporation at this time. While he got a real sense of the energy with which Japanese companies were expanding into the UK, he could also see that many Japanese staff who had been sent out to UK locations faced obstacles in their everyday lives. This gave him ideas for starting up a new business. Tadayoshi had had experience of handing large futures transactions. Based on this experience, there was one thing that he knew very well. If he was to try to start a company in an area where large profits could be efficiently generated, there was no way he—a single individual—would be able to sustain such a business, because he would be competing with the big companies who would soon be involved in such domains. The winning strategy, therefore, was to capture a niche market where the big players would not be able to

get involved. Thinking in these terms, as a Japanese person, he felt confident that if he developed services to assist with the problems and needs of Japanese people stationed in the UK, he would be able to offer services that nobody else could copy. These, surely, were services that were needed at this moment. In his heart, he also had visions of supporting the development of his native country by helping Japanese firms to prosper overseas. With these visions growing stronger each day, Tadayoshi finally made the decision to start his business. In 1974, he left Sumitomo Corporation, and established T.Tazaki & Co., Ltd.

The first area he worked in was real estate services, acting as an intermediary for people seeking housing. The experience he had built up in providing accommodation search support to employees stationed overseas during his Sumitomo days served as a starting point for this work. As Japanese companies sent larger numbers of people to overseas locations, they were no longer able to

purchase and offer company-owned housing in sufficient quantities and were shifting towards patterns in which employees themselves would need to search for rental properties and sign contracts. However, most Japanese staff who had come to the UK for the first time did not have very good English or much local knowledge. Inevitably, they struggled to find good properties, and problems often arose in relation to contracts as well. So Tadayoshi, who knew the local city well, set up JAC Property, and started a business in which he as coordinator would help people with contracts for reliable properties and charge a fee for the work. Looking for landlords who wanted to let out properties was also part of Tadayoshi’s job. Because most Japanese people were clean and tidy tenants, a lot of landlords said, “We want to let properties out to Japanese people”, and he had no difficulty with finding properties for rent. The success he achieved with these real estate services helped Tadayoshi develop a foothold for expanding Tazaki Group.

Next, he set up Tazaki Foods and expanded into supermarkets that imported and sold Japanese foodstuffs for restaurants serving Japanese food and Japanese people living in the UK. Food tended to be the biggest lifestyle-related worry for Japanese people living long-term in the UK. The stress that Japanese people felt when they were unable to eat foods they were accustomed to tended to grow stronger the longer they stayed there. It seemed to Tadayoshi that there would be quite a lot of demand for services that would answer these needs. He opened up a route for importing Japanese food, and supplied food to Japanese restaurants as a wholesaler and via supermarkets in neighbourhoods with many Japanese people. This food business delighted the Japanese people living in the UK, but from a profitability perspective, the never-ending exchange rate issue meant that it was always hard to make money out of this business. Because the ongoing rise in the yen which was seen during this period continually drove up the procurement prices of food products, little profit was

made from selling them. With the yen forecast to rise relentlessly, Tadayoshi had no choice other than to sell the food at rather high prices, so that it was hard for many people to use this service on a frequent basis. Procuring the foodstuffs was a struggle as well. Due to the strict European regulations on food imports, he was not allowed to sell certain food products unless he obtained all information about them from the time of production and had proven that he had cleared the standards set by the authorities. Because all this extra work added to costs and further squeezed profits, Tadayoshi began developing systems which would somehow enable his business to continue, including producing some foods locally and having them manufactured by subcontractors. The local production of foods which resulted from these ideas ultimately made a tremendous contribution to the business expansion that followed later on.

Starting Up a Company by Identifying Local Needs



A Tazaki Group company pamphlet at the time



Supermarket “J.A. Centre”



Restaurant “House of Azami”



Column My Experience of Tazaki Group

The Growth of the Yutaka Brand and Tazaki Foods

Ken Furukawa Chief Executive Officer, Tazaki Foods Ltd. (UK)

I first encountered JAC when I visited the company to seek help with finding a job, after I married an Englishwoman in 1990 and migrated to the UK. At the interview, I was introduced to Tazaki Foods, the food company. After initially hesitating, I made my decision and joined the company. Today, I serve as the CEO of Tazaki Foods. Back when I joined, the company was still small, and I remember how hard we struggled to increase sales.

In the early 1990s, Tazaki Foods offered imported food products and their own branded products on a wholesale basis to Harrods (a luxury British department store) and some supermarkets. However, in 1996, thinking that “We should create a brand of our own that could be rolled out across the whole country”, we established a brand under the name “Yutaka”, which was chosen by calling for suggestions from people within the company. The brand has achieved steadily rising sales as a line of products which fulfils local needs while maintaining Japanese levels of quality and flavour. Nowadays, an array of Yutaka products can be found on the shelves of supermarkets not just in the UK but in other parts of Europe as well. I think Mr Tazaki showed great powers of foresight here, because although Japanese food is attracting considerable attention throughout the world these days due to increased health-consciousness, back in those days Japanese food was not yet widely accepted among people outside Japan. Tazaki Foods left Tazaki Group to become part of Takara Shuzo International Group in 2013, yet it continues to embody the spirit of “Freedom and Discipline”, JAC’s Philosophy and Policy, to this day.



A company summit in Portugal (an international meeting) bringing together various group directors, with Mr Furukawa in the centre





J.A. Centre, a supermarket selling Japanese ingredients



JAC Property, a real estate company



AYKOKU-KAKU, a Japanese restaurant operated by Tazaki Group in the City of London



A TV commercial for Tazaki Group, broadcast in the UK at this time

## Expanding the Business Based on Unique Perspectives

In addition, Tadayoshi also developed information delivery services for Japanese people. Not only was there no internet at this time, but the UK lacked even things like informational publications for the Japanese people living there. Newspapers sent from Japan were always three or four days behind. Tadayoshi's attention was drawn to the fact that Japanese people stationed in the UK wanted the latest news from Japan at all times. So Tadayoshi started a unique service based on a setup negotiated between a local telephone exchange office and NHK back in Japan.

Users of the service could telephone a local area code and hear NHK's latest news during a three-minute call.

This one-of-a-kind information network service captured the interest of Japanese living in the UK, but as it allowed valuable information to be obtained for communication charges alone, it could not be successfully monetised, and ultimately did not develop into a business. Tadayoshi worked on a number of businesses based on these kinds of unique ideas, including entertainment businesses for Japanese people in the UK, and the cultivation of Japanese

vegetables and wasabi, but the ideas that did not go well far exceeded the ones that succeeded. Tadayoshi was pained by how hard it was to make a business successful, yet never gave way to pessimism. With relatively strong growth being shown by those services which dealt with the fundamental concerns of people's lives (food, accommodation etc.), Tadayoshi felt that a business that met people's most vital lifestyle needs was sure to do well. Thinking along these lines, the next domain that came to Tadayoshi's mind was that of "employment", something that

has an especially important meaning in the lives of most people.

One day, when Tadayoshi was attending a Chamber of Commerce meeting, a director at the meeting spoke to him. "There doesn't seem to be any way of getting hold of really good human resources in the UK, which is causing me headaches. Mr Tazaki, if you know anyone who's good, could you introduce them to me?" Given that the people who Japanese companies dispatched over to the UK were not sufficient to staff their workplaces adequately, the companies began to think

that they should try hiring Japanese people already living in the UK. The people stationed in the UK by their companies were carefully selected elite officers, but they alone were not enough to take care of all the work they needed to do in the UK; they needed other staff members to support them. In those days, staff were usually introduced via personal connections with local people, but with all Japanese companies continually on the hunt for people, the need for human resources looked set to grow and grow going forwards. This looked like it could

be a successful business. In 1975, based on this idea, Tadayoshi established the recruitment company that would become the forerunner for what is today known as JAC Group. Part 2 and subsequent sections will trace the development of this business in more detail.





Tadayoshi Tazaki with former Prime Minister Margaret Thatcher, at a party held at Barclay Vouchers, a company established in Japan (1995)



## How the Company was Rescued from a Crisis in its Early Days

Now that Tadayoshi had developed the foundations of Tazaki Group, the company continued to develop in the years that followed, its growth assisted by the increasingly vigorous expansion of Japanese companies as they developed offices overseas. However, at times the company ran into difficulties which imperilled its very survival. This section will describe a notable event which occurred during the early years of the company.

One day in 1982, the person in charge of the company's supermarkets rushed into Tadayoshi's office, white in the face. "Mr Tazaki, something awful's happened!" He told Tadayoshi that a container ship carrying frozen food products imported from Japan had been left moored in the harbour with no way to unload its cargo. With the port authority staff on strike, all import and export work had ground to a halt. "If we can't get the cargo delivered within the next three days, the ice packs will melt, and all the food will have to be

thrown away. We're going to lose a fortune if that happens". Hearing the pleas of his employee, Tadayoshi racked his brain to think of a way to resolve this situation, a challenge where every second counted. Then he thought of someone who could help, and decided to write a letter to her. That person was the Prime Minister of the UK at this time, Mrs Margaret Thatcher. In his letter, Tadayoshi wrote about how he had been educated in the UK and started businesses for Japanese people there, about the extremely difficult situation he was currently caught up in, and about how grateful he was to the UK for helping him to develop into a global "human resource". Astonishingly, the day after he posted the letter, Mrs Thatcher herself telephoned Tadayoshi directly, telling him "I've instructed the port authorities to get this issue resolved right away". The containers of frozen food that were stuck in the harbour were—amazingly—delivered without incident the day after this,

rescuing Tazaki Group from disaster.

What comes across from this episode is, first and foremost, Tadayoshi's ability to take action. This is a person who, if he sees a risk to the business that he has built up and believes essential, will have no qualms about making an appeal to the Prime Minister of the country herself, in order to protect his company. Thanks to this fearless attitude, he was able to get a tricky situation resolved. Another key point of this story is the fairness that is fundamental to the UK. Despite being exceptionally busy in her role as Prime Minister of the UK, Mrs Thatcher was prepared to extend a helping hand in a kindly way to a Japanese entrepreneur, not just British businesspeople.

Deeply impressed by the broadmindedness of the UK, Tadayoshi resolved to pursue a vision of "For the sake of Japan, and for the sake of the UK too" in his businesses going forwards.



The party to which Mrs Thatcher was invited, and the thank-you letter which Mrs Thatcher sent to Tadayoshi