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LEADERSHIPWORKS

Big Island Consultant Shepherds Hawaii Businesses Into The Next Century

The town rises out of the mist like a ghostly apparition from a dream. For over a century, Kamuela has been home to Parker Ranch, cowboys, drifters, cattle – and even chimney sweepers. A decade ago, the nouveau riche discovered the hamlet – nestled in the shadows of Mauna Kea – turning it into a haven for snowbirds from Canada and expatriates from Oahu escaping Honolulu's urban blight. Where wranglers once bellied-up for a beer or a shot of whiskey, there are now boutiques, three-star restaurants and motels. It is a peculiar place to find a man like Glenn Furuya, but it is to Kamuela where his life has brought him.

"The Big Island is where most of my business resides," says the president of LeadershipWorks, a Waimea-based business consultancy. "After a few years, it just made more sense to move here." A veteran of the KTA management team which transformed the venerable Taniguchi Stores from a quiet Big Island institution into a service-intensive, retail powerhouse, Furuya has spent the last 12 years as a highly paid management consultant who counsels businesses serious about making a successful transition into the 21st

century. Seven major Hawaii companies keep Furuya on retainer simply to troubleshoot, educate and advise them as they move into the next era. Clearly he has something to offer these hard-nosed, bottom-line business people – and they know it.

Within the past five years, the signals which measure the health of Hawaii's business climate have been troubling, and the deeper one digs, the more unsettling the news becomes. Since 1990, Hawaii's overall job count has dropped 11 percent. Last year, construction jobs dipped below the 30,000 mark for the first time since the 1980s.

In the tourist industry – the "big diesel" of the Hawaiian economy – the news is even more sobering. Since 1991, Hawaii has experienced a 12 percent drop in inbound visitors, with 1993 suffering the worst single year percentage loss since 1932. Fewer visitors meant less money for business, government services, and inevitably, fewer jobs in the entire community. "Those who think it's just a matter of time before Hawaii's tourist industry returns to business as usual are kidding themselves," says Sam Sлом of Small Business Hawaii.

Is Hawaii in a temporary economic downturn that will eventually correct itself? Or, are we in the midst of an economic redealing of the cards that will change the rules of the marketplace? Few are willing to go out on a limb and predict what the future holds for the 50th State; but one thing is certain: discount pricing will be a big part of it.

In a Hawaii haunted by recession for the past two years, the name of the game is pricing, and businesses that sell quality for less are eating up market share.

According to *Hawaii Business* magazine, Longs Drugs, with 24 stores statewide, did \$210 million in business last year. Safeway's 17 stores did \$285 million worth of business. And Costco, with one-and-one-third stores in Hawaii, did \$275 million worth of business.

"If Hawaii's companies don't realize that they are doing business on a new playing field, they are going to close down," says Furuya. "The Costcos and the factory-directs and the national franchises will kill them. There'll be no such thing as a big local company. It's already happening."

Among Furuya's clients are a veritable "who's who" of Big

Island business luminaries. They include Iwao and Brian Kitagawa of Kamaaina Motors and Big Island NAPA; Dorothy Pung of the Hawaii Federal and State Employees Federal Credit Union; Barry Taniguchi of KTA and Tommy Hirano of Stationers.

“Some business people don’t understand the nature of the marketplace,” says Furuya. “They see it as permanent when in fact it is constantly changing, constantly in flux.”

According to the 44-year old Hilo native, the development of a company can easily be organized into three phases. The first stage is the birth of the company, during which life is constantly filled with problems and headaches. If the business survives, it evolves into the second phase, which Furuya describes as “life is good.” It is this phase that is the most comfortable period in a company’s life – and its most dangerous. The very success that enriches the company’s coffers numbs it to the changes in the marketplace that are perpetually swirling around it.

When the hard reality of those changes finally materializes, it is too late for the company to adjust – and they slide into a third phase which is once again filled with turmoil and problems. “Many companies do not prepare during their ‘life is good’ period to deal with the changes in the market,” says Furuya. “They get fat, and when they enter the third phase of the business life cycle, they find themselves in serious trouble.”

Furuya points to Sears as a classic example of a company that fell asleep at the wheel. In the 1950s, the legendary firm pioneered the concept of catalogue-shopping. Sears would

go to the customer via catalogue, thus saving the consumer from having to come to them. The market changed and Sears built shopping malls which provided consumers immediate accessibility to product and high-quality service. The retail icon eventually evolved into a low-service, low-cost store. And there Sears remained.

The market changed and fresh new competitors such as Wal-Mart left Sears behind with a business concept that emphasized personal service and low cost. The giant, family store has never fully recovered.

“My role model was Tony Taniguchi of KTA,” says Furuya. “He was constantly visiting the Mainland, looking for new ideas that would improve the business. He kept himself open to the world and it paid off in his business.” Many who knew the low-key Nisei describe him as a realist *and* a dreamer. It is this capacity to connect imagination to practicality that sets a successful business person apart from the pack.

“Some organizations in Hawaii lack a vision for themselves in the coming century,” says Furuya.

“Trying to run a business without a vision is like trying to put a puzzle together without the original picture. You can work and work and work, but without that guiding image you are only stumbling in the dark.”

Furuya *at work* is truly a wonder to see. Self-reserved and laid back when out of the spotlight, he blossoms into a charismatic, self-confident storyteller once he begins to speak. On this day, he is guiding a long-time community non-profit

experiencing growing pains as it ponders its future. Rising like a preacher in front of his flock, he begins to work the room, filling it with his imagery and emotion. The secret to the lanky, former teacher’s success hinges on his genuine passion for his work and his clients. Praised by both co-workers and rivals for his integrity and professionalism, he is a man on a mission – and his message is about doing business in the Hawaii of tomorrow.

“The only way Hawaii will be competitive in the next century is if we drive down our costs. The Costcos and Southwest Airlines of the world are going to force everyone to become low-cost producers,” says the business facilitator. “We have to be willing to clear our brains and totally re-examine our systems of doing business. But most organizations are afraid to do this, because if you change too much you run the risk of throwing your life’s work out the window.”

The reality, of course, is that a KTA or a Times Supermarket will never be able to match a Costco in terms of pricing. So, according to Furuya, they must drop their prices down to at least hailing distance of the discount Goliaths. At that point they must make up the difference with some unique value, such as quality service or product quality, that will convince the customer to pay the slightly higher price.

“Hawaii businesses have to find something that will separate them from the crowd and give their businesses a distinction. That is what we call innovation.”

Trained as a special education instructor, the soft-spoken sansei spent much of his teenage, college and young adult life working either part-time or full-time at

KTA. After earning his master's degree in education from the University of Hawaii, Furuya juggled teaching duties in Hilo with his job at KTA for several years before finally deciding to return to the company full-time.

After working as a facilitator and trained at KTA, Furuya decided to strike out on his own, cold-calling businesses, knocking on their doors offering his services. Most people didn't know who he was much less what he was offering. But Furuya persevered and through word of mouth has carved out a niche for himself, consulting and advising established AJA companies on the Big Island, as well as Oahu.

In 1989 Furuya read that there were only three portraits hanging on the wall at Toyota Motor Co.'s headquarters in Tokyo. One was of Toyota's founder, the second was of its current chairman, and the third was of W. Edwards Deming. Intrigued, Furuya began reading everything he could about the American business guru who had gone to Japan in the 1950s and inspired the transformation of a war-blasted economy into a sleek hi-tech wonder.

Furuya attended workshops facilitated by Deming subordinates and eventually studied under the master himself in several seminars. "Deming taught me that a company can have an inspiring vision, but still fail if it chooses the wrong system for its business," says Furuya. "94 percent of all business problems can be traced to how the company is set up rather than employee incompetence. In Japan when

things go wrong, the company says, 'What was responsible?' In America when things go wrong, the company says, 'Who was responsible?'"

Deming gave Furuya the insight to a riddle he had been trying to solve his entire career. "You can train people 'til kingdom come, but if you put them in an inappropriate system, the system will always win. Why can McDonald's hire 14-year old junior high kids like my son and not only survive but dominate? It's the system."

What complicates the marketplace today, according to Furuya, is the fact that many AJA businesses in Hawaii are juggling three major transitions at the same time.

The first transition involves the turning over of authority from the Nisei generation to the sansei and yonsei. The second is the familiar dilemma of size and logistics as a small business grows into a medium-sized entity blossoms into a large corporation. The third transition involves the conversion of an American business mindset that emphasizes compartmentalized, competitive, short-term profit to an approach that encourages collaborative and holistic teamwork.

One transition piggybacks upon another and each is difficult and messy in and of itself. If a business fails to tame even one of these tigers, it often finds itself in real trouble.

The bottom line in Furuya's calculus is centered essentially on enlightened leadership. "Good leadership will protect you through transition periods, like

what we are going through now," he says. "But leaders are made, not born. Most companies see leadership training and education as a waste of time when it really is an essential investment."

The big picture is what holds Furuya's focus and the business consultant believes the litmus test for Hawaii's future will lie in our capacity to see the forest and not just the individual trees. "We cannot afford in this new economy, to sit on our separate islands and do our own thing anymore," says Furuya. "We need to have a statewide vision for Hawaii that showcases our strengths and underplays our weaknesses, or we won't be competitive as a community. Our competition is not just the guy next door anymore, but the business across the ocean or on the other side of the globe."

One local company which Furuya believes has mastered the new math is the neighborhood Zippy's restaurants. "In order to maximize customer loyalty, Zippy's has built in quality at the lowest possible cost. The way you do that is you minimize variation in your product – and Zippy's has figured that out." If a company is able to control variation within its system, it becomes predictable. And with predictability comes trust and customer loyalty. "Successful companies understand that a good vision is really like a good movie," concludes Furuya. "In reality, a movie is only light refracted through celluloid. But the image that results has the power to inspire, energize and awaken."