

Japan and KSK under COVID-19 (this section has been quoted from President Komaba's message.)

I'm sure everybody in all countries of the world are suffering because of the ferociousness of the novel coronavirus. In Japan, the prevalent type of COVID-19 has shifted across to the Delta variant, which is causing a sharp increase in infections, and although the vaccination of the population is moving ahead, with 41.2% of people having received their second shot as of August 29th (according to NHK), we are still suffering an enormous resurgence (an average of 19,300 new cases per day with an overall total of 1.46 million cases).

KSK regularly checks on the health situation of our employees and their families and is implementing a thorough series of measures to provide guidance as swiftly as possible in order to prevent the spread of COVID-19 through the workforce and to promote health management. For example, we are expanding a working environment designed to prevent the spread of the disease through such measures as launching a trial period of establishing communication environments in employee homes so that approximately half of the staff in the head office can work remotely from home and communicate indirectly with our factories, banning business trips between business facilities in principle in favor of teleconferencing, and ensuring that all employees are obligated to take an antigen test every week, etc.

The effectiveness of three vaccine shots is currently being investigated, although I believe that we will not see the end of the pandemic until the latter half of next year.

What is most regrettable about this situation is that for a second consecutive year we have no choice other than to suspend the visits, interactions, study courses and warmhearted exchange of opinions with likeminded people that we enjoy with our Front Runners under the title of Kaizen.

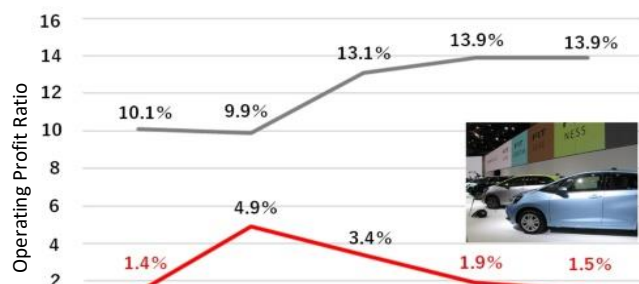
However, this situation is providing us with the opportunity to promote the lateral revision of our organization and work practices so that we are able to keep our feet on the ground.

We have drawn up plans to achieve an ideal stance by clarifying our attacking strategies and defensive strategies, which were adopted by the head office last year, and we are currently moving ahead with the parallel establishment of (1) revising and expanding practices centered around production management and cost management functions, (2) adding broad-ranging functions that provide us with an overall view of the entire company, and (3) reinforcing various systems that will act as a foundation for the company. It is my sincerest wish that we will all be able to meet up again once we have defeated COVID-19 with man-made technology.

Automotive area (Abolishing hybrid vehicles: what is happening at "Engine-Oriented Honda"?)

Honda is discarding its engines... This shocking announcement was made by the company that is known as "Engine-Oriented Honda". It will shift its base for all new vehicles manufactured from 2040 onwards across to electric vehicles (EVs) and fuel cell vehicles (FCVs). This means that it will eradicate its option for making not only gas-engine vehicles, but also hybrid vehicles (HEV) mounted with engines. Why is Honda doing away with engines? A look at the results for Honda's automobile business sales (hereinafter known as four-wheeled vehicle business) indicates a dire financial situation arising from past restructuring.

Profits gained from Honda's four-wheeled vehicle business have been tapering off for the past ten years. The company went into the red in fiscal 2011 due to the effects of the Great East Japan Earthquake, and although they moved back into the black the following year, its operating profit ratio scored its best result in fiscal 2016 with 4.9%. This decreased over the subsequent three years at 3.4%, 1.9% and 1.5% respectively until it dropped into the 1% margin



respectively and it dropped into the 1% margin through to the third quarter of fiscal 2020 (April to December 2020) at 0.8%. This stands in sharp contrast to its two-wheeled vehicle business, which recorded an amazing 10%.

0
2015 2016 2017 2018 2019
Fiscal Year

Source: Nikkei XTECH

Toshio Fujimura, visiting professor for the Department of Engineering at the Aichi Institute of Technology, points out that, “An operating profit of around 8% is necessary for an automobile manufacturer to acquire sufficient funds for promoting growth and stimulating healthy development. Honda’s operating profit ratio in the field of four-wheeled vehicles is a far cry from Toyota Motors (8.2% in fiscal 2019), and even Suzuki (6.2% in fiscal 2019), which concentrates mainly on light vehicles. It is no exaggeration to say that president Takahiro Hachigo, who was appointed in June 2015, is known as the “Restructuring President” for the massive restructuring project that he launched. Some examples of the major reforms he initiated include closing down the No.1 assembly line for completed four-wheel vehicles in the Thailand Ayutthaya Plant, deciding to close down the Sayama Plant (Sayama City, Saitama Prefecture) for completed four-wheel vehicles (due to close within fiscal 2021), deciding to close down four-wheel vehicle plants in the United Kingdom and Turkey (closed in 2021), withdrawing from the four-wheel vehicle production market in the Philippines, reducing global variation models by one-third (to be implemented by 2025), and restructuring three affiliated component manufacturers into Hitachi Astemo (Chiyoda-ku, Tokyo). The most surprising of all was the dismantling of Honda R&D Co., Ltd. carried out in April 2020. Nearly all of the four-wheeled vehicle development department functions were absorbed from Honda R&D Co., Ltd., which was regarded as sacred ground in its role as a research and development company, into the main Honda group. However, Honda’s top management had very little choice in making these harsh decisions due to the business results of four-wheeled vehicles remaining in the doldrums for such an extended period.

Keihin Seimitsu Kogyo (Effects of component supply shortages on automotive companies)

As has been reported in the news, automotive companies in Japan are currently facing the problem of component supplies from certain companies. Some of the overseas transplants of certain cooperative companies have ceased operations in alignment with local lockdowns due to the spread of COVID-19, which is resulting in repeated chronic shortages of semiconductors with severe consequences. The effect of this can be seen in various ways, with some factories being forced to shut down operations for several days or for even longer periods of time depending on the models and components they manufacture. (Naturally, this casts no shadow over demand, and manufacturers are coming up with ways to recover as soon as possible after the problem has been solved.) KSK is making sure that it is in full possession of all relevant information, and we have started formulating a wide range of measures aimed at shutdowns and recovery.

Post-editorial Notes: (A life studded with gems: little pieces of happiness)

A boss I used to work under once said the following:

“A clear understanding of the 2:6:2 Principle as it relates to life will make you feel comfortable over a wide range of circumstances.”

When compared to life, the [2] at the beginning stands for perpetual good fortune and the [2] at the end stands for perpetual bad fortune, but it is how you define the [6] in the middle that is most important. People who experience happiness have clearly separated the [2] at the beginning and [2] at the end as happiness and unhappiness respectively, but the amount of happiness you experience in life changes dramatically in accordance with the number of little pieces of happiness that you are able to find scattered around the [6] in the middle.

Jean-Jacques Rousseau once said "Our will is always for our own good, but we do not always see what that is" (rather adamantly), and the author always combines this quote together with the principle explained above to find happiness in his life.

One little piece of happiness that I experienced recently was visiting the training center at the local gym for the first time in eighteen months after receiving my second vaccination during the summer vacation. The number of visitors was restricted to a maximum of twenty on a reservation basis and various COVID countermeasures were in effect, such as wearing masks and disinfecting machines with alcohol after they had been used, but I had a very enjoyable workout amid this.

I remembered that I always used to go and watch a movie after working out in the gym, so I decided on the spot to go again, and with a can of beer held in one hand, I set off walking. I gulped down the beer to quench my dry throat and stave off a small pang of hunger (reviving me—a little piece of happiness).

I arrived at Tsujido in about fifty minutes. The mall there contains the 109 Cinema, and the new Fast & Furious movie was just starting. I sat down feeling a pleasant buzz from the beer, and as I watched the crazy car action that Americans are so fond of on a big screen and at high volume, I was delighted to feel the energy returning to my body (a little piece of happiness).

I went to Higashi-Totsuka on the Sunday for my end-of-the-month visit to one of our factories. Higashi-Totsuka has a modern commercial facility known as the Aurora Mall that was built in 1999 and contains a Seibu Department Store and AEON store, and it also has a park and benches on the roof.

Director K was due to pick me up, but I arrived early and had a few pre-dinner drinks while I sat on a bench. I savored the taste of the malt and hops in the beer as I watched the sun go down over a high-rise condominium, and I then moved onto a shochu (white spirit) highball while convincing myself that I deserved a rest for all of the hard work I always put in. Just as I was beginning to feel pleasantly relaxed... my thoughts turned to vilifying the Goddess of Thunder, starting with "stupid fool"...

The day before, I had exchanged heated words with the Goddess of Thunder for the first time in a long time (although they could have been avoided)... And (as usual), I came out the loser.

In situations like that, she tends to bring up three of her current issues + my past failures + her current suspicions (which fly off in all directions like a homeless swallow... Her eloquence sometimes leads to me respecting her for compiling and remembering so many fine details (a little piece of unhappiness).)

Having spent many years picking up scars like this, I know that getting in the last word and then running leads to victory, so I usually back down when I reach my wits end...

...At times like this, however, I am bombarded from behind with screams (her voice carries as well as a general from the civil war period berating his troops) + lighting/thunder/lightning!!!

→ In order to maintain the honor of the real Goddess of Thunder. I ought to mention that she is usually

In order to maintain the honor of the fearlessness of manhood, I ought to mention that she is usually (comparatively) kind and (maybe) docile...
Time ran away from me as I was thinking back on the day before. Before I knew it, night had come down and I was bathed in a gentle coolness...
Feeling slightly tipsy on my empty bench, I raised my eyes from my beer and felt very relaxed, enjoying my own company.
(I will also designate this as a little piece of happiness).

Looking up at a condominium from a bench

