



# 100 Year Journey

.....

**Yamato Group's 100th Anniversary Commemorative Publication**



# 100 Year Journey

Yamato Group's 100th Anniversary Commemorative Publication



## Core Values

- 1—We all represent the company.
- 2—We connect our customers' hearts with every delivery.
- 3—We conduct ourselves both professionally and ethically.

**100 Year Journey**  
**Yamato Group's 100th Anniversary Commemorative Publication**

Date of publication: November 29, 2019

Published by: Yamato Holdings Co., Ltd.

Edited by: 100th Anniversary Project, Yamato Holdings Co., Ltd.

Production assistance:  
DNP Communication Design Co., Ltd.  
Kousakusha Co., Ltd.  
Planning House HARA Co., Ltd.

Printing and binding:  
Dai Nippon Printing Co., Ltd.

\* Unauthorized reproduction or copying of text or photographs, etc. in this publication is prohibited.



## Greetings

Founded as Yamato Transport Co., Ltd. in the Ginza area of Tokyo on November 29, 1919, Yamato Holdings celebrates its 100th anniversary this year. On behalf of the company, I would like to express my sincere gratitude to everyone who has accompanied us on this journey, for it would not have been possible without the constant support of every one of our customers and employees.

Looking back at that time, when loads were carried by ox-, horse- and hand-drawn cart, there were just 204 trucks operating in Japan. Our founder Yasuomi Ogura focused on the future possibilities that automobiles offered. Armed with a firm belief that trucks would play a key role in the transport business, and with his own creativity and ingenuity, he decided to launch his trucking business. He started the company with four trucks.

Over the last 100 years, the Yamato Group has experienced three major turning points over its long journey. The first was the launch of a regular service between Tokyo and Yokohama in 1929, which became Japan's first regular transport route. The second was the launch of the TA-Q-BIN service in 1976. And the third is our Value Networking Design initiative, announced and launched in 2013, which is still ongoing. The things that have supported the company for the last 100 years are a willingness to take on challenges and drive innovation, which was passed down from our founder, and the three Core Values formulated by him—"We all represent the company," "We connect our customers' hearts with every delivery," and "We conduct ourselves both professionally and ethically."

Over the years, we have published a few company histories. One of them was Yasuomi Ogura's autobiography "Ayumi" (Journey), which was published to mark the 40th anniversary of the company, and then 50 Years of Yamato Transport and 70 Years of Yamato Transport were published in later years. This time, we decided to publish two histories to mark the company's 100th anniversary. This publication, 100 Year Journey, Yamato Group's 100th Anniversary Commemorative Publication, is one of these histories. We divided these 100 years into different eras and topics, and organized them into different "stories" to make each episode easy to read. When compiling this history, we received considerable help from many different people who provided precious documents and gave us their time for interviews. I would like to take this opportunity to express my heartfelt gratitude to them.

With the changing of the times, the world around us is changing dramatically as well. However, we hope to remain an important part of our customers' lives for the next 100 years as well, and we will continue efforts to become the closest and most loved company of all. We look forward to your continued support of the Yamato Group.

Yutaka Nagao  
President  
Yamato Holdings Co., Ltd.

November 29, 2019

## Yamato Timeline

Year	Month	Event
1919	Nov.	Yamato Transport Co., Ltd. (大和運輸) founded
1923	Apr.	Signed a formal contract of goods delivery with Mitsukoshi Gofukuten (current Mitsukoshi department stores)
	Sep.	Provided trucks to the central government agencies and local governments for reconstruction transport following Great Kanto Earthquake
1924	Jan.	Established garage and repair shop (Hamamatsu-cho, Tokyo)
	—	Introduced uniforms and hats and loaned to drivers from autumn
	—	Started moving and wedding furniture transportation services
1928	Mar.	Registered "Cherry blossom and letter Y" company emblem as trademark (used from around 1922)
1929	June	Started regular Tokyo-Yokohama combined-load transport service (Japan's first regular route transport service)
1930	Nov.	Started publishing internal newsletter <i>Yamato News</i> (monthly, mimeograph printed)
1931	Dec.	Core Values (business precepts) established
1935	Dec.	Completed Kanto region regular service network
1936	Aug.	Renamed regular service as "Yamato Courier"
1945	Feb.	Formed Hikari Transport Division to assist relocation of Nakajima Aircraft Company Musashi Plant
1946	Jan.	Established Yamato Transport employees' union (current Yamato Transport Union)
1947	Sep.	Started household goods packing and transport service for U.S. military personnel with opening of Echizen-bori workshop
1948	Jan.	Company shares registered at Tokyo Stock Exchange for first time (over-the-counter trading)
1949	May	Company shares listed on Tokyo Stock Exchange
	Dec.	Acquired rail freight transport business licenses and started operations the following year (Shiodome, Akihabara, Iidamachi)
1950	Sep.	Started customs clearance business after acquisition of Tokyo customs broker license
1951	Jan.	Signed a contract with Civil Air Transport (CAT) and started air freight agency operations
1952	Feb.	Started sea cargo handling in Keihin Port
1957	June	Established mother cat and kitten logo and started using black cat logo after getting permission for use from Allied Van Lines, Inc.
1958	May	Started artwork packing business (Inca Empire cultural exhibit)
1961	May	Started handling of mixed cargo for domestic air routes
1968	Nov.	Posted first overseas representative to New York
1972	July	Hired female drivers (Fukuoka Branch hires five women)
1974	Oct.	Started small-lot delivery service in Tokyo and surrounding delivery area
1975	Aug.	Main Points of TA-Q-BIN Development (basic policy) proposed to Board of Directors
	Sep.	Formed working group to draft TA-Q-BIN implementation guidelines
1976	Jan.	Launched TA-Q-BIN in Kanto area
	Mar.	Aired first TV commercial
	Oct.	Started establishing TA-Q-BIN agencies
1978	Mar.	Tokyo-Osaka Small Moving Service (current "Household Goods TA-Q-BIN") launched
1979	Mar.	Launched Heart Box as TA-Q-BIN packaging product
	Apr.	Started sea container leasing service
1981	Jan.	Started international moving service
	Aug.	Completed first prototype of new TA-Q-BIN pickup and delivery vehicle (1-ton walk-through vehicle)
1982	Oct.	Renamed Yamato Transport Co., Ltd. (大和運輸: all in Kanji characters) to "Yamato Transport Co., Ltd. (ヤマト運輸)"
1983	Aug.	Introduced P size for TA-Q-BIN (three sizes available: S, M and P)
	Nov.	Launched international TA-Q-BIN service for deliveries to United States, Hong Kong, Singapore (discontinued in 1988)
	Dec.	Launched Ski TA-Q-BIN
1984	Apr.	Launched Golf TA-Q-BIN
1985	May	Started TA-Q-BIN system for delivering when customers at home
	July	Launched Easy Moving Pack (current Easy Moving Timely Service)
1986	Aug.	Started Music TA-Q-BIN (current "Kuroneko Family Concert") program
	Oct.	Launched Business Time Service (current TA-Q-BIN Time Service) combining freight service by airplane and motorcycle
	Nov.	Launched Collect Service (current TA-Q-BIN Collect Service)
1987	Feb.	Launched UPS TA-Q-BIN in collaboration with United Parcel Service of America, Inc. (UPS)
	May	Launched store-less book sales service: Book Service (discontinued in 2007)
1988	July	Launched Cool TA-Q-BIN

Year	Month	Event
1988	Oct.	Launched Sanchoku-kun customer management system
1990	Nov.	Launched Fax mail service Dengon Fax (current "Kuroneko Fax")
1991	Mar.	Shironeko & Kuroneko (White Cat & Black Cat) mascots created
1995	Apr.	Established Yamato Transport corporate philosophy, comprising Core Values, Management Philosophy, Corporate Stance and Employee Code of Conduct
1996	Dec.	Started Year-end/New Year TA-Q-BIN services, operating 365 days a year
1997	Mar.	Launched Kuroneko Mail-Bin service (discontinued in 2015)
	June	Launched Tokusen Ichiba Toilet Paper (first original merchandise)
	Nov.	Expanded coverage (to Ogasawara Islands Chichijima and Hahajima), completing nationwide TA-Q-BIN network
	Nov.	Launched Kuroneko Quick Maintenance Service
1998	June	Swan Bakery Ginza opened (first directly operated store)
2000	May	Started full-scale entry into third-party logistics (3PL)
	Sep.	Published first Environmental Report (current Yamato Group Corporate Social Responsibility Report)
	Oct.	Launched TA-Q-BIN service in Taiwan by providing know-how to President Transnet Corp.
2002	Apr.	Started personnel placement business
2003	July	Established group corporate philosophy based on Yamato Transport corporate philosophy
2004	Dec.	Established Federation of Yamato Transport Group Unions
2005	Nov.	Yamato Transport Co., Ltd. renamed "Yamato Holdings Co., Ltd." with transition to pure holding company structure
2006	Apr.	Started direct marketing business
	Apr.	Launched JITBOX Charter service
	May	Yamato Jiritsu (Self-Support) Center Swan Kosha Niiza starts operating
	Aug.	Launched confidential document recycling service
	Oct.	Launched small-lot International TA-Q-BIN overseas transport service
2007	Oct.	Launched Kuroneko Yamato Recall Support Service
	Nov.	Started Kuroneko Members service for individual customers
2008	Nov.	Launched payment service Kuroneko Anshin Kessai Service (current Kuroneko Kakebarai)
2009	June	Entered into an official partnership agreement with Japanese Olympic Committee
	Oct.	Launched S-PAT shared delivery service, developed with 10 domestic air transport carriers
2010	Jan.	Started TA-Q-BIN services in Singapore and Shanghai
2011	Feb.	Started TA-Q-BIN service in Hong Kong
	Apr.	Implemented disaster-hit area relief activities following Great East Japan Earthquake
	Sep.	Started TA-Q-BIN service in Malaysia
	Dec.	Opened Sanin Ryutsu Trinity Center jointly with Tottori Prefecture
2012	Jan.	Started Yamato Business Members service for corporate customers
	Mar.	Started total distribution support service for medical systems manufacturers
2013	July	Announced Value Networking Design
	Aug.	Established Atsugi Gateway
	Sep.	Established Haneda Chronogate
	Oct.	Launched International Cool TA-Q-BIN service for deliveries to Hong Kong (world's first international small-lot refrigerated transport)
2014	Oct.	Launched Comfortable Lifestyle Support Service
2015	Apr.	Launched TA-Q-BIN Compact, Nekopos and Kuroneko DM-Bin
	June	Started using regular route buses for TA-Q-BIN transport together with passengers
	Aug.	Entered into an official partner agreement with Tokyo Organizing Committee of the Olympic and Paralympic Games
	Nov.	Opened Okinawa global logistics center (Southern Gate)
2016	May	Established a joint venture company Packcity Japan Co., Ltd. with Neopost Shipping S.A. (France)
	July	Started installations of Pick Up & Drop Off (PUDO) stations (open parcel lockers)
	Sep.	Established Chubu Gateway
2017	Jan.	Started TA-Q-BIN service in Thailand
	May	Acquired PAS 1018 certification for small-lot refrigerated delivery services
	Oct.	Opened Kansai Gateway
2018	Jan.	Launched Raku-uru Cart service
	June	Launched ID payment service Kuroneko Pay connected with Kuroneko Members service
2019	Jan.	Established Tokyo Global Logi Gate
	Mar.	Jointly developed Japan's first compact commercial EV truck specializing in parcel delivery
	Nov.	Celebrated Yamato Group's 100th anniversary

Greetings.....003 Yamato Timeline.....004

## Part 1 One Hundred Years of the Yamato Group Innovations that Pioneered Logistics

### Chapter 1 ● The story of Yamato Group's founder, Yasuomi Ogura.....008

1 "Compete against time, not people" 2 Fostering individuals to grow the company 3 Leading business as an innovator

### Chapter 2 ● The story of TA-Q-BIN's birth.....012

1 Entering a period of rapid economic growth 2 Why the idea of TA-Q-BIN was born 3 Bet-the-company approach

### Chapter 3 ● The story of TA-Q-BIN's growth.....016

1 Starting TA-Q-BIN 2 The road to a national network 3 Moving ahead through new product development

Did you know? ▶ The appeal of movement

### Chapter 4 ● The story of business diversification.....020

1 Yasuomi's efforts toward diversification 2 Masao's efforts toward diversification

### Chapter 5 ● The story of Group collaboration.....024

1 Promoting Group management 2 Further evolution of the delivery business 3 New development of non-delivery businesses

4 Toward Value Networking Design 5 Focusing on the 100th anniversary of the Yamato Group

## Part 2 Stories to be Retold for Generations — 1 The Spirit of the Core Values Alive Throughout 100 Years

### Chapter 6 ● The story of passing down the Core Values.....028

1 From Core Values to corporate philosophy 2 Participatory Management in action 3 Shouldering the intention of customers

4 We conduct ourselves both professionally and ethically 5 Keeping appearances and vehicles respectable

Did you know? ▶ The story of two cats—a sheet of drawing paper that led to the black cat logo

## Part 3 Stories to be Retold for Generations — 2 Creating a Framework to Pursue Customer Satisfaction

### Chapter 7 ● The story of framework evolution.....033

1 Untold story behind development of walk-through vehicles 2 Reforming packaging materials

3 Initiatives to improve work efficiency and manage quality 4 Improving safety 5 Initiatives to improve productivity

### Chapter 8 ● The story of information systems.....037

1 From the introduction of computers to development of the NEKO System

2 Moving to systems developed from the customer's perspective

## Part 4 Stories to be Retold for Generations — 3 Aiming to Become a Company that is Most Familiar and Loved

### Chapter 9 ● The story of caring.....041

1 Customer contact 2 Environmental initiatives

### Chapter 10 ● The story of support.....044

1 Emergency response 2 Initiatives for inclusiveness

Yamato Group Companies and Related Organizations.....048

# 100 Year Journey

Yamato Group's 100th Anniversary Commemorative Publication



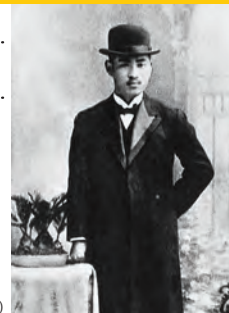
Yasuomi Ogura (right) with drivers in the early days



## Chapter 1

## The story of Yamato Group's founder, Yasuomi Ogura

In a time before all the streets were paved, when horse-drawn carts were common, one man predicted the age of speed. With this in mind, Yasuomi Ogura launched his truck-based transport business. He believed that public transport is the mother of civilization, and truck-based transport business is becoming an integral part of it, and this belief remains with the company today. With the company's three Core Values formulated to create a sense of unity among his employees, Yamato Group founder Yasuomi Ogura showed the way forward.



Yasuomi Ogura wearing a frock coat at the inaugural general meeting (1919)

## 1 — "Compete against time, not people"

## —The mind of a merchant

Hachisaburo Ogura was born in 1889 to one branch of a family of paper raw material wholesalers operating in the Ginza district of Tokyo since the Edo Period. Eighth (hachi) child and third son (saburo) of the family, he changed his name to Yasuomi Ogura in February 1930. Even before he was old enough to understand, he developed the mind of a merchant through his parents.

Always peppering his elementary school teachers with questions until satisfied, Yasuomi went on to study at a trade and technical junior high school where he was good at arithmetic and English.

Unfortunately, he was forced to leave school when the family business that his eldest brother inherited closed down. Instead, he took classes at night, always carrying his mathematics and English books with him while working at various places including a wood and charcoal dealer, owned by his eldest sister's husband, and a textile factory in Yokohama.

In 1914, Yasuomi was finally able to open his own business. With a hand-drawn cart that he received, he started a greengrocer business walking around town selling vegetables. After about a year, with his business on track and his life becoming stable, he married his wife Hana, five years his junior, whom he met through a friend. She devotedly supported him for many years until suddenly falling ill and passing away in 1939.

## Predicting the age of speed

With his greengrocer cart business flourishing, he opened a shop, which he named Manryoya<sup>1</sup>, in Tokyo's Azabu district about six months after his marriage. For Yasuomi however, his greengrocer business was only ever a means of saving money so that, one day, he could work in a business that truly satisfied him. Finally, with the spirit and resourcefulness of a merchant coursing through his veins, he reached his 10,000-yen target earlier than planned and turned

his thoughts to finding his true life's work.

Yasuomi wanted to create a modern business with a focus on labor but was unable to decide what he wanted to do. From around June 1919, he started finishing work at his greengrocer's at noon and spending his afternoons collecting information. Just then, as Japan's economy started to boom as a result of World War I, the automobile made its appearance and started to spread as a modern mode of transport. Turning to relatives and friends for help, he made regular visits to bus operating companies and automakers to learn how to repair and dismantle vehicles, and as a result became quite knowledgeable about automobiles.

Around that time, an event occurred that would change his fortunes forever. In September 1919, Japan introduced its first traffic regulations banning ox- and horse-drawn carts from the main street of Ginza. This came as a great shock to Yasuomi, who was familiar with not just hand-drawn carts but also ox- and horse-drawn carts. Always of the belief that you should not let time beat you, Yasuomi intended to "compete against time, not people." Watching automobiles rumble through town, he intuitively felt the imminent arrival of the age of speed, so he turned his attention again to automobiles. Although ox- and horse-drawn carts were locked out of Ginza's main street, road transport at the time still relied mainly on ox-, horse- and hand-drawn carts.

## Launching a truck-based transport business

While searching for a new business, Yasuomi also devoted himself to researching automobiles. One of his friends who heard his thoughts brought him a prospectus for a new trucking company that someone had planned. A single reading convinced Yasuomi that this was exactly what he was looking for, and that it was indeed his true life's work. He purchased the business plan and on November 29, 1919, on the day he turned 30, he founded his truck-based



1—Manryoya members including Yasuomi Ogura (front left)



2—Sketch of area around headquarters at the time of founding (currently known as Ginza 3-chome in Tokyo, with the Asahi Club to the immediate left)



3—Ford Model T 1-ton truck used at the time of founding (circa end of Taisho era)

transport company.

Named Yamato Transport Co., Ltd. (“大和運輸株式会社” all in Japanese kanji characters), the company was launched with 100,000 yen in capital, which in addition to Yasuomi’s share, was easily collected through a capital raising. Around that time, most truckers ran one-person operations but Yasuomi instead chose to start an incorporated company. Reasons for his decision included that he wanted to run his lifelong business as a corporation, that multiple methods of capital participation would be useful for expanding his company, that the rights and obligations of capital and labor would be clearer as an incorporated company, and that, to make the best use of manpower, it was preferable to become a corporation.

Above all though, Yasuomi’s decision was made because of his own deep attraction to the idea of this new business structure born from capitalism, and because he was trying to be a pioneer.

### **Yamato Transport—Naming the company**

Yamato Transport was named after Yamato-ya, the name of a wood and charcoal business owned by his eldest sister’s husband where he had worked at one time. While planning his new company, Yasuomi worked from an office on the second floor of a building owned by Yamato-ya, and he also liked the name because Yamato was an old name for the country of Japan. When he started his

business, Yasuomi chose to be senior managing director rather than president. His reasoning was that at 30 years of age, he was not yet ready for that job, so he asked his brother-in-law Mr. Tanimura to be president.

Yamato Transport began operation on a clear fall day. The inaugural general meeting was a solemn occasion held on the second floor of the Asahi Club in an area currently known as Ginza 3-chome in Tokyo. With about 10 people in attendance dressed in Japanese kimonos, only Yasuomi wore one of the frock coats that were fashionable at the time, showing yet again his pioneering spirit.

Yamato Transport’s first headquarters was located at 41 Higashi-Toyotama-kashi, Kyobashi-ku (currently Ginza 3-chome) in a rented two-story tiled wooden house<sup>2</sup>. It had a staff of 15 people, of which eight were either drivers or their assistants. It started with two trucks; one 2-ton Denby and one 1-ton Ford<sup>3</sup>. The business began operating at the end of 1919 and then added an additional two 1-ton trucks. With freight fares of 17–18 yen per day, which was about three times more expensive than the 6–7 yen that horse-drawn carts commanded, Yamato Transport was considered expensive at the time and came to be used mainly for transporting coal for government agencies. While still few in number, there were already customers who were looking for speed in transport.

## **2—Fostering individuals to grow the company**

### **Surviving the recession that hit soon after its launch**

With the catchphrase “Quick and cheap,” Yamato Transport got off to a good start. However, it quickly found itself in dire straits in March 1920, four months after it was launched. In complete contrast to the boom years after the end of World War I, the stock market was hit by a recession that resulted in suspension of trading. Yamato Transport was also affected, experiencing a drop-off in work in 1921 that made the payment of wages difficult. While continuing to earn income the usual way, it branched out into new areas of business, including carrying fish to shops from the local fish market in Nihonbashi. In 1922, it opened an agency in Yokohama City and began scheduled transport services to its headquarters in Tokyo. Rather than the usual model of charging for chartered use of a truck, it started using an innovative small-lot, combined-load transport model that aggregated multiple small items in a single truck.

Also in 1922, it began delivering furniture as far as Yokohama for Mitsukoshi Gofukuten (now Isetan Mitsukoshi Holdings) at a rate that was not much different from rates for delivery services by hand-drawn cart. Because of its speed, it was also asked to start transporting goods to Yokohama in January 1923 and to start delivering throughout the city of Tokyo in April 1923. Until then, Mitsukoshi had relied mainly on private vehicles to deliver goods, but it made the decision to start using Yamato Transport because of its low freight costs, the positive work ethic of its drivers, and because of the credibility that an incorporated company could provide. Thanks to this and other business, Yamato Transport opened a branch office in Tokyo’s Yotsuya in July that same year. With a fleet of 12 trucks, it was almost ready to meet the growing demand from customers in the fourth year after foundation<sup>4</sup>.

### **Surviving the earthquake and building trust**

The Great Kanto Earthquake struck just before noon on September 1, 1923, at a time when Yamato Transport was establishing a new pillar of its business through contracts with Mitsukoshi.

At the time, Yasuomi took action to protect his trucks from aftershocks. He started by moving eight new trucks, which were parked at Mitsukoshi headquarters, to his Higashi-Toyotama-kashi

headquarters by 4:00 p.m. on that day. When he heard of fire outbreaks in Ginza, he then made the decision to move the trucks further towards Yoyogi. With the flames reaching Ginza 5-chome, he loaded documents, furnishings and his neighbors onto the trucks and left Yamato Transport headquarters. One of his 12 trucks was eventually destroyed by fire, and in the middle of the night Yamato Transport headquarters was also burnt to the ground. Standing in the charred remains the following morning, Yasuomi realized that he would certainly have lost everything if he had not moved his eight trucks from Mitsukoshi.

On the following day, he relocated his business to a tent erected on grassland behind Meiji Shrine. From September 4, he was sending trucks to the Tokyo Prefectural Office and Home Ministry. Compared to the going rate of 15–16 yen, he was able to get favorable terms of 50 yen per day, with gasoline and meals included, as part of emergency measures put in place by then Home Minister Shimpei Goto to accelerate reconstruction.

In this way, Yamato Transport received contracts to transport goods for reconstruction under the favorable terms outlined above for ministries, agencies, and local governments. With the income received from these contracts, Yasuomi was able to continue making payments in cash. The government had to temporarily suspend payments because of the earthquake, but Yasuomi’s cash payments had the effect of greatly improving trust in Yamato Transport.

One day around that time, one employee at work took the liberty of taking a book to read from a consignment entrusted by a second-hand bookstore in Kanda while the shipment was unable to be delivered due to the chaotic situation. Yasuomi was furious when he heard this, so he explained that the company’s mission was to pick up parcels from customers and safely carry them to their destinations. The shipper of the book was finally found about two months later and was extremely grateful when the book was delivered in its original condition. This is just one episode that shows the convictions of Yasuomi communicated in the Core Values.

Through its considerable contributions to reconstruction in the aftermath of the earthquake, Yamato Transport was able to build an office and garage (the company’s second headquarters) in Janu-

ary 1924 at 1-7 Kobiki-cho, Kyobashi-ku (currently Ginza 1-chome). While the land was leased, this was the first building owned by the company. In December 1924, Yasuomi's second son Masao was born. Then in quick succession, Yasuomi built new garages, repair shops, company housing and sales offices, and by the beginning of 1927, he had a total of 23 vehicles, completing the foundations for his business in the company's seventh year.

Having had an enormous impact on Tokyo, the earthquake had also changed transport in a way that gave trucks the leading role. Everyone was able to recognize the effectiveness of rapid transport for tasks such as cleaning up after the fires and carrying relief supplies. There was a rapid increase in the number of small trucking operators, but when reconstruction demand fell away about six months after the earthquake, a discount price war began in the freight business. Yasuomi decided that being caught up in a freight discounting war was not in his best interest, so he went in search of business opportunities that were out of the reach of the small players.

What he eventually did was to specialize in moving services and transport of wedding furniture. His company had smart looking vehicles that those of other companies could not match, uniformed and well-spoken drivers, thick cushioning to prevent scratches on furniture, special colorful vehicle bodies for transporting wedding furniture, Japanese arabesque-patterned covers, and decorations to create a festive mood. Meeting a broad range of requests from the families of couples getting married, he could put together a number of vehicles to make a small amount of wedding furniture seem greater, or even play down the affair to make the transport less conspicuous.

With the popularity of his ideas, he was rushed with orders. In 1925, after becoming official transporter for the Imperial Household Ministry, Yamato Transport enjoyed a virtual monopoly in transporting wedding furniture for the Imperial Household and the upper classes<sup>5</sup>.

### Creating a sense of unity among his employees

Yasuomi had overcome the earthquake and was already a full-fledged businessman, but in his heart, he retained the ideas he had had when trudging around town in straw sandals and pulling carts loaded with vegetables. Whether goods can be loaded efficiently, or whether they can be delivered as promised, are matters that depend upon the people in the workplace. Without the workers who sweat and toil, businesses like trucking would not get off the ground, and because he highly valued the workplace, Yasuomi never lost his

gratitude and respect for them. He sought to improve his business structure with these thoughts in mind. With a focus on management, he actively recruited university graduates that were still few in number at the time for management positions, and increased the number of sales offices to grow sales. With a belief that the drivers represented trust in his company and its sense of decency, in 1924, he gave them khaki uniforms with napped blue collars, which were novel at the time, with large hats made of thick black woolen material (later changed to leather). As for footwear, they wore laced shoes, which some of the more fashion-conscious drivers among them paired with leather gaiters<sup>6</sup>.

With his organization growing, Yasuomi started holding regular business meetings every month to democratize management by listening to feedback from his employees. As one outcome of these meetings, he made the “cherry blossom and letter Y” trademark, in use from around 1922, the company's official emblem and finalized its registration in 1928<sup>7</sup>.

Yasuomi was also fully aware of the character of the trucking business, with a variety of workplaces ranging from the sales offices to the places of customers, clients, and others. This is why good communication within the company was necessary, to ensure that no matter where they were, his workers would be able to share the same ideas. To this end, in 1930, he started publishing a monthly internal newsletter and gathering all employees at headquarters at 6:40 a.m. once each year for an early morning meeting to discuss directions for the new year. Then in 1934, he introduced an employee notebook that all employees would carry with them. Prior to distribution of the notebooks, he formulated the company's Core Values in December 1931 to enable his employees to independently work anywhere while sharing the same ideas.

Those three Values, which remain with the company today, are “We all represent the company,” “We connect our customers' hearts with every delivery,” and “We conduct ourselves both professionally and ethically”.

In his notification of these Core Values to his employees, Yasuomi explained that with trucking being a leading and representative form of transportation, Yamato Transport should work hard to fulfill its mission for this important business. These words expressed his true convictions. This is what makes the persons transporting goods so important, and makes it essential to improve their quality. In 1941, Yasuomi established his instructional objectives with this in mind. For that first year, the motto for 1941 was “We strive for punctuality,” which honored the spirit of the Core Values to emphasize courtesy and discipline.

## 3—Leading business as an innovator

### Regular service network creates the foundations for the next generation

While busy expanding his business through delivery services for Mitsukoshi, moving services, and transporting wedding furni-



4—Truck used exclusively for Mitsukoshi work (circa 1935), standing in front of the third headquarters built in 1929



5—Advertisement of truck used exclusively for weddings



6—Drivers wearing uniforms (1927 New Year's gathering, group photograph)



7—Office staff badge (prewar)



8—Wakaba Sales Office, Yokohama City (circa 1937)

ture, Yasuomi Ogura felt that there were limits to a business based only on chartered use of a truck. At the same time though, he was unable to find a new business model that could meet wider and increasing transport demand in the future. His small-lot scheduled transport services between Tokyo and Yokohama were suspended because of the Great Kanto Earthquake, and were still not operating at the time.

Coincidentally then, Yasuomi was sent to represent Japanese trucking companies at the International Automotive Transportation Summit held in London. The year was 1927.

That was where Yasuomi learned of Carter Paterson & Co., Ltd.. Headquartered in London, the company was employing a unique cargo booking and delivery system, operating regular truck services to regional cities. It also operated a scheduled parcel pickup service around the city using covered wagons. When customers had a parcel that they wanted to have delivered, they would hang up a sign outside their home with the initials “CP,” and the company’s employees would go to the home to pick up the parcel. At the same time, payment for the service would be received, and then after collection, the parcel would be transferred to the regular service going to the regional cities. This door-to-door service was just the system that would satisfy Japan’s demand for small-lot transport and change the way delivery was done. Following his intuition, Yasuomi decided to recreate the same regular service network in Japan. He chose to launch his system across the entire Kanto region, with inspiration drawn from efforts by Mitsukoshi at the time to expand its free delivery area, covering the same area for its customers.

Yasuomi had a number of things to do before he could introduce this brand new delivery system. He had to create his own waybills, set freight fares according to weight and dimensions, and sell the service. He placed large advertisements on his trucks and had his drivers hand out leaflets. Whereas Carter Paterson & Co. had distributed its “CP” signs to each household, Yamato Transport got tobacco shops and general stores to operate as agencies and gave them triangular flags with red resist-dyed “cherry blossom and letter Y” emblems on yellow backgrounds. When the shops received parcels for delivery, they would put the flags out in prominent locations. When the trucks started doing the rounds of the agencies, curious neighbors started bringing in more and more parcels for delivery, and new life came to the shops that took on the role of a parcel pickup location. The regular Tokyo-Yokohama service that started in 1929 became Japan’s first regular transport route. While the world was still in recession, Yasuomi was able to expand his network across the entire Kanto region by the end of 1935<sup>8</sup>. He then changed the name of his service to “Yamato Courier.”

### Overcoming a potential breakup and diversifying his business

The Pacific War started in 1941 and severely impacted Yamato Transport’s business. Forced to suspend its Yamato Courier service,



<sup>9</sup>—Yamato Transport truck, loaded with luggage during withdrawal, leaving General Douglas MacArthur’s residence (currently Embassy of the United States of America). A worker at the time met General MacArthur as well, and remembered his wife as being a very kind person.



<sup>10</sup>—President Yasuomi Ogura cutting the ribbon for the first service on the Osaka Route (1960)

Yamato Transport was ordered in 1945 to transport supplies as the Musashi Plant of Nakajima Aircraft Company, a manufacturer of military aircraft, was evacuated. A special unit called the Hikari Transport Division was formed to transport important goods to Asakawa (now Hachioji City) in the mountains.

In August, after completing that mission, an army general ordered the incorporation of Yamato Transport into the army but before the command could be carried out, the war ended on August 15, 1945. Relieved that his Yamato business had survived, Yasuomi quickly set about reviving his Yamato Courier small-lot delivery business as fast as he could. In September 1946, Yasuomi was finally able to restart his long-awaited business with the Odawara Route. Then in 1947, at the age of 57, Yasuomi was promoted from senior managing director to president as he continued to lead his business. In this way, by the end of 1949, he had rebuilt his Yamato Courier network to about the same level as it was before the war.

While rebuilding his business, Yasuomi streamlined operations, including consolidating business locations, and expanded the business yet further. With preferential allocations of gasoline, Yamato Transport accepted highly profitable jobs from the Allied Occupation Forces (GHQ), and used work that included packing and transport of furniture and household goods for army personnel as a springboard to expand into a new local truck charter business. It was also involved in moving services when General Douglas MacArthur of the Allied Occupation Forces left Japan<sup>9</sup>. During this period, Yamato Transport was taking its first steps toward its business diversification later (see Chapter 4).

### Achievements of Yasuomi Ogura

In 1946, the Yamato Courier business was revived and expanded outside the Kanto region. Further expanding its delivery area, the Taira Route to Fukushima was launched in 1954 and the Sendai Route was launched in 1955. Then finally in 1960, the Osaka Route was opened (see Chapter 2)<sup>10</sup>.

In the middle of expanding routes in the 1950s, the company experienced difficult economic times amid a sudden freight discounting war. However, Yamato Transport maintained a resolute stance and worked to improve its service while charging “appropriate freight fares,” which resulted in an increased number and larger scale of transport jobs. Yasuomi’s workers, entrusted with carrying those parcels, were the ones who guaranteed service quality. With respect for his frontline workers, he developed plans to guide and train them to appropriately handle shipments and maintain a positive work ethic.

While the Yamato Courier business was expanding its network, it was also laying the foundations for the TA-Q-BIN service according to one particular person. That man was Mikihiko Tsuzuki, who joined Yamato Transport in 1950 and went on to later become the company president. Looking back on that period, he explained that without that network, the TA-Q-BIN business would not have been able to rapidly expand throughout Japan.

Having laid the foundations for TA-Q-BIN over the pre- and post-war years, Yasuomi retired as president in 1971 and passed on the reins to Masao Ogura. While still president, Yasuomi attended a Rotary Club convention in the U.S. in the spring of 1969. Immediately after returning to Japan, he had a brain infarction and was confined to a wheelchair thereafter. On January 15, 1979, he passed away in hospital at the age of 89. That was three years after the TA-Q-BIN service was created on the foundations of Yasuomi’s Yamato Courier service and through the strenuous efforts of both Masao Ogura and Mikihiko Tsuzuki.

Chapter 2

# The story of TA-Q-BIN's birth

Overcoming the post-war turmoil, Yamato Group's founder, Yasuomi Ogura was diversifying his business but was a little late in venturing into long-distance operations due to his emphasis on the entire Kanto area covered by the Yamato Courier service. Masao Ogura took over as president in 1971, but the company was suddenly hit by the first oil shock. As Masao went on looking for something new, he came up with the idea of entering the home-delivery market, which had been overlooked so far.



President Masao Ogura around the time he started focusing on small-lot deliveries

## 1—Entering a period of rapid economic growth

### Breaking into long-distance routes

With the Yamato Courier service expanding routes, it applied for a license to extend its western route to Osaka in January 1957.

Seino Transportation and other businesses in Western Japan were already operating truck-based transportation services along National Route 1, which traced the old Tokaido Road from Tokyo to Kyoto and Osaka. With the number of parcels increasing daily, the Tokaido Route became known as the Golden Route. Yamato Transport, on the other hand, had so far relied on express freight trains on Japanese National Railways lines (JNR, currently the JR Group) for its transport between Eastern and Western Japan. When JNR introduced an express, non-stop container service between Tokyo and Osaka, Yamato Transport also took advantage of that. Unfortunately, the frequent strikes that JNR experienced were a source of annoyance. Without a foothold in Osaka, Yamato Transport expanded its business through a partnership with a local transport company.

Yamato Transport did not use trucks between Eastern and Western Japan. Instead, Yasuomi limited his trucking business to the Kanto Plain, an area of 100 km radius centered on Tokyo because, according to a superstition in the trucking business, "there were 'ghosts' on the other side of the Hakone mountains, so they shouldn't be crossed."

Yasuomi himself had attempted a trip over the Hakone mountains in 1946, when he traveled the route in a 10-ton truck in trial production by one automaker. With the poor state of roads at that time, he decided that 100 km was the limit for truck performance. Yasuomi's instructions to not cross the Hakone mountains was the result of careful discussion within the company. In particular, he was attached to short-distance, small-lot transport in the Kanto region where Yamato Transport had been born and nurtured.

However, in no time at all, the roads and truck performance

were both improved. These changes managed to drive growth for the other companies that first took their trucks over those Hakone mountains.

### Being named "a risky company"

Crossing the Hakone mountains was not an easy task. When Yamato Transport made an application for a license to use the Tokaido Route, there was strong opposition from businesses in the Kansai region. Japan's Transportation Council held a public hearing over five days in January 1959, with no result forthcoming despite heated discussions<sup>1</sup>. The company finally obtained the license on November 28 of that year.

Yamato Transport started trucking goods on this route the following year<sup>2</sup>, and built terminals at Tsunashima<sup>3</sup> in Yokohama City and Moriguchi in Osaka City in 1963. Mikihiko Tsuzuki<sup>4</sup> was appointed as the first Tsunashima Branch Manager. Although he started sales activities straight away, it became clear that the company was lagging behind. Many companies in the region had already signed contracts with other transport companies. In its attempt to increase sales, the company began transporting large-lot cargo but revenues deteriorated due to low unit costs. The cost of capital investment was also a burden.

In the year that Yamato Transport opened its terminals, Kuniyoshi Urabe, a professor at Kobe University, launched a book called *Abunai Kaisha* (risky companies), published by Kobunsha. Yamato Transport was the only land transportation company named in this book with its sensational title. Having been in operation for over 40 years, it was seen as an old, rigid company unable to take on new challenges.

Masao was later to comment that Yamato Transport at that time was "an extremely fastidious company with too much formality." As an example of its occasional irrationality, if a worker re-



1—President Yasuomi Ogura discussing reasons for application at a public hearing on the Tokaido Route (January 1959)



2—Newly established Osaka Branch at Kawaguchi-cho, Nishi-ku, Osaka City (December 1961)



3—Newly established Tsunashima Terminal at Tsunashima Higashi, Kohoku-ku, Yokohama City (1963)



4—Mikihiko Tsuzuki later worked as a Board Member to launch TA-Q-BIN and went on to become Yamato Transport president

ceived a promotion, a custom-designed desk would be ordered for the worker. By the time the people at Yamato Transport noticed the

## 2—Why the idea of TA-Q-BIN was born

### Masao Ogura's trials and errors

While continuing its reliance on large-lot cargo, with its low unit costs and additional effort, Yamato Transport's long-distance trucking business between Eastern and Western Japan<sup>5,6</sup> was slow to take off, but at the same time its existing business began to decline.

At one point, rail freight transport via JNR accounted for more than 20 percent of total earnings of Yamato Transport, but the repeated strikes resulted in a loss of customers. An eight-day strike in 1975 in particular was critical, with freight forwarding dropping to less than 10 percent of earnings.

Operating profits also started declining when department store deliveries, which had been performing well, increased beyond a certain number of deliveries. This was because site maintenance expenses and labor cost ratios increased to handle busy periods. The company eventually fell into the red in some months, and the profits from the two-month-long high season of *Bon* (the Buddhist summer festival) and year-end festivals had to cover the remaining 10 months of deficits.

When Masao took over as president from his father Yasuomi in 1971, his first job was to extricate the company from this situation. His problem was how to turn Yamato Transport around from being "a risky company" to being one with sound management. While puzzling over this, Masao realized that rather than sticking to markets where other companies had already taken the lead, it made more sense to use the know-how they had developed so far to develop a completely new business category.

However, he did not know which direction to turn. At the same time, the number of large-lot cargo jobs handled by the company dropped dramatically in 1973 with the first oil shock, and road transport volumes in 1974 dropped by close to 25 percent

## 3—Bet-the-company approach

### Focusing on the home-delivery market

Door-to-door parcel delivery is the transportation of occasional and sporadic parcels. You only ever know who the sender will be and how many parcels will be sent when it happens. There is also little likelihood of large quantities sent as commercial cargo, and parcels have to be delivered to any place where people live.

As a result, it was a common belief in the industry that it was not a profitable business, so no companies were looking to enter this field. However, when Masao had to send the clothes to his nephew, he felt that the level of service for the existing choices was quite low,

external criticism, they were already at rock bottom.

from a year earlier<sup>7</sup>.

With Yamato Transport on the brink of failure, Kaoru Seto, who went on to become Yamato Holdings president, joined the company in 1970. Years later, he commented about that time; "I joined Yamato Transport thinking it was a prestigious company, but with the disposal of its various facilities, the situation within the company was quite harsh."

### Inspiration found in unexpected places

Even though the business had hit a wall, daily business activities continued. One day, Masao had to send some of his son's old clothes to a nephew who lived somewhere else. What he noticed was that there was no convenient way to send them. There were few ways including JNR small-parcel delivery services and parcel post delivery services, and the parcels had to be taken to an office and packaging had to comply with detailed rules. And deliveries were slow. Masao felt that Yamato Transport should be carrying small parcels for delivery from one home to another. Yamato Transport had expertise in delivering small parcels quickly to customers' homes, as it had already provided home-delivery services for shipment from department stores and such<sup>8</sup>. And cargo should be limited to this kind of small parcels. As the Yoshinoya chain of restaurants had proven when it successfully reduced the number of menu items to serve only *gyudon* beef bowls, handling many different products was not necessarily the best model.

Moving away from the business model of transporting anything and everything was therefore good for both the continued existence of Yamato Transport and for society as a whole. The idea that Masao had in his head was later to be called TA-Q-BIN, the materialization of an idea for an innovative service that would change the face of logistics in Japan.

so he found considerable potential in this market.

If there was no constant demand for large-parcel deliveries, he thought that it would be better to collect all these little parcels from private homes. Like picking up spilled beans one at a time, this would enable him to fill his trucks and carry more per trip. He therefore had to increase the number of people wanting Yamato Transport to deliver their parcels. Masao imagined a door-to-door small-lot delivery system designed from the customer's perspective; one which provided next-day delivery, as a rule, of items without packaging requirements and at a fixed price set by region to lessen



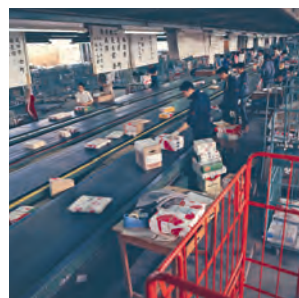
5—8-ton truck used on Osaka Route (color and design changed from 1960)



6—Yamato Courier sales office (Honjo)



7—Yamato News cover printed in black and white due to oil shock-related business downturn



8—Working at a center (Shinonome, Koto-ku) constructed in 1968 for department store deliveries

the burden on the sender, who was generally a housewife.

### Convinced of demand and looking for profitability

Although Masao predicted the success of TA-Q-BIN, even supposing he could carry more per trip by picking up these “beans,” he realized that if the beans were not there, he could not pick them up and could not make it profitable. So, he set about counting those beans.

He estimated that there were about 250 million small parcels being carried by parcel post and other existing systems at the time. That was enough beans. If each parcel cost 500 yen, that would mean sales of 125 billion yen. That was certainly a large enough market for Yamato Transport to renew its foundations. The next question was how to most efficiently pick up those beans.

Masao realized that even if he did launch a service, there would be no parcels to gather if he did not ask for them. He anticipated that if he put in the effort and got enough parcels to exceed the break-even point, expenses as a percentage would drop and profitability would increase dramatically.

The next issue Masao faced was how to calculate and exceed the break-even point for a completely new logistics network. Standing on an intersection in New York, he found the inspiration he had been looking for. In September 1973, Masao went to Manhattan to visit the company’s New York sales office opened two years earlier. There were four pickup and delivery vehicles parked near the intersection. The four vehicles belonged to UPS, the country’s largest transport company. He realized that each block adjoining that intersection had its own dedicated vehicle.

He further realized that the total income and expenditure of a single pickup and delivery vehicle was the total income and expenditure of a total network. Therefore, he was confident of success if the vehicles were located appropriately and they focused on increasing the number of parcels to reach their break-even points. Masao’s reading of the landscape was that it would take the entire network four to five years to become profitable.

However, vehicles alone would not make a network. He needed places to which the parcels could be carried for sorting and forwarding. Masao envisaged a “B-C-D network,” where B stood for “bases” that would work like hub airports in the airline industry. The C stood for “centers” that would work like each connected airport, and D stood for the specialized “depots” that would receive parcels and do other work further down the chain. In Masao’s vision, parcels picked up from individual homes would be moved through depots and centers to bases, from which they would be sent to other bases, and then moved via centers and depots again to finally be delivered to their destination homes.

Actual trials of this small-lot delivery service began on October 7, 1974. Called the KOGUCHI-BIN service in Tokyo, it offered next-day delivery for small parcels up to 20 kg per piece. With its experience delivering to homes, the department store division was in charge of this new service. A dedicated site was also established

the following year to handle small-lot deliveries and turn these trials into a full-scale service.

To escape the hardships of the recession, Yamato Transport ran a campaign focused on small-lot sales in September 1975.

### Opposition to the TA-Q-BIN concept

Most of the management team were opposed to Masao’s idea of turning his nationwide TA-Q-BIN concept into a full-scale business based on these trials. Of course, those opposed to his ideas had a good reason. It was because of their experience with department store deliveries, which at one point were the source of considerable earnings for Yamato Transport. During the busy present-giving periods of *Chugen* and *Seibo*, the volume of department store deliveries handled were tenfold or more than that of average months<sup>9</sup>. Costs soon mounted up when acquiring and maintaining sufficient equipment and personnel to serve for this period. The management were therefore concerned that the TA-Q-BIN service would experience the same issue.

Additionally, they were against the idea of picking up parcels from people’s homes. Not having done this with their department store deliveries, they felt that having to pick up individual parcels would also be a burden and a cause of losses. Some people also thought next-day delivery, which was one of the potential sales points of TA-Q-BIN, would be too difficult and should, at the very least, be limited to certain areas such as prefectural capitals.

One at a time, Masao countered the arguments. The TA-Q-BIN service would not have the seasonal fluctuations as large as department store deliveries, topping out at a maximum of twice the normal volumes so costs would not be such a problem. Also, by guaranteeing next-day delivery, the number of parcels handled would increase as people realized how convenient the service was. While expounding his theory this way, Masao felt it was crucial for him to move quickly in order to take hold of this huge potential market.

He felt that when Yamato Transport launched TA-Q-BIN and started to make a profit, other companies would surely copy his model. In such situations, the first one there is the one that profits. The reason is that the one that starts a business first is the one that gets the first feedback from customers, and is able to reflect that in improved services.

### Cooperation of the labor union

Around that time, the Yamato Transport Union stopped the strikes it had been conducting on and off. This was because Masao was sympathetic to the union’s strong demand for unification of the retirement and wages systems of both office and manual workers. With the collapse of transport demand as a result of the first oil shock in 1973, he also promised that he would not lay off any employees, and he was keeping that promise. The union leaders had the trust in Masao.

This was why the union was also receptive when Masao talked



9—Parcel sorting during busy period for department store deliveries



10—Negotiations between labor and management in 1976, with labor union Central Executive Chairman Makoto Aihara at right



11—Introduction to TA-Q-BIN, including basic policies and features (January 1976)



12—TA-Q-BIN first day of operation (Fukagawa Sales Office)

of taking a new turn with TA-Q-BIN. Of course, not everyone in the union agreed. As management feared, picking up parcels from door to door was not an easy task and some of the workers, who were used to handling large-lot cargo, naturally had doubts about this new work. However, if Yamato Transport had not made this attempt, it might have ended up proving that being once designated as a “risky company” was correct.

For the union leaders, it was painfully clear that Masao was taking a bet-the-company approach with TA-Q-BIN as he worked to get the company into shape. More than that though, they also understood the anxieties and troubles of the union members, and that they should not be on the company’s side only.

This was the strong belief of Chairman Aihara, then head of the Yamato Transport Union, who questioned how much the company valued its union members at a collective bargaining opportunity<sup>10</sup>. In a frank discussion, he explained his fear that directors coming to work in company vehicles available only for such privileged persons could not possibly understand the concerns of union members. Masao immediately responded that he would cease the company car service if that would help, and the directors started commuting by train the very next day.

On seeing this, Aihara understood everything. He understood that the actions and passion of this president were very real, and that any delay in working on TA-Q-BIN service would be fatal to the company. The union gave its approval to launch the TA-Q-BIN business, involved some of its members in a project to flesh out the service, and began efforts to convince those remaining union members who were still opposed.

### Working to launch TA-Q-BIN

Ahead of the union approval, Masao submitted his own “Main Points of TA-Q-BIN Development” at the August 1975 meeting of the Board of Directors. His basic approach was summarized as follows.

- (1) Consider things from the consumer’s point of view
- (2) Regard TA-Q-BIN as a lasting and developmental system
- (3) Maintain a uniform standard of service that is better than others
- (4) Target an unspecified large number of shippers or parcels of cargo
- (5) Streamline operations thoroughly

In September, an internal working group was formed to materialize a concrete service based on these points.

As a result of those discussions, it was decided that TA-Q-BIN would handle parcels each of which was up to 1 m, being the sum of three dimensions, and up to 10 kg per piece. The maximum weight of 10 kg was chosen because they wanted to exceed the maximum 6 kg limit for parcel post at the time. Incidentally, a maximum of 20 kg was not chosen in anticipation of a future with more female drivers, and concerns that it would be too heavy.

At the time, both JNR small-parcel delivery and parcel post delivery needed shipping tags to be prepared, and required parcels

to be firmly tied with string. To make it easier, TA-Q-BIN only required that items be placed in a box or wrapped in paper and bound. With this, the hurdle to sending parcels was dramatically lowered for many housewives who would find it troublesome to strictly follow instructions for packaging and preparation of way-bills each time they visited an office to send something.

Also, with TA-Q-BIN, parcels no longer had to be carried to some distant office. With a single phone call, someone would be dispatched to pick up even a single parcel. Shippers also had another option of taking the parcel to an agency.

With next-day delivery, TA-Q-BIN was infinitely more convenient than parcel post delivery service, where taking several days was common. And the declaration of “next-day delivery” also carried more impact than just “fast.” Yamato Transport was certain to be able to collect lots of “beans” if it could guarantee this next-day delivery.

Companies had to abide by the route trucking price schedules published by the Ministry of Transport (currently the Ministry of Land, Infrastructure, Transport and Tourism). The maximum fare for transporting a parcel weighing up to 20 kg within a 100 km circle was 200 yen. Of course, profitability was impossible at that rate. With the July 1974 amendment of this law, the maximum fare was changed to 500 yen for a parcel up to 20 kg transported within a 20 km radius. This amendment was half expected with the cost of everything increasing. Without the amendment, TA-Q-BIN would never have been born.

The country was divided into nine regions with a fixed price of 500 yen per parcel within each service region. At the time, the minimum (hourly) wage in Tokyo was 258 yen, so the fixed price equated to a two-hour wage. Freight fares to other regions were higher than this, but were clearly detailed on a single piece of paper. Low and easy-to-understand freight fares had benefits for both the senders and the company trying to streamline its business. In fact, complicated freight fare systems would make nobody happy.

### TA-Q-BIN finally launches

In this way, TA-Q-BIN was launched on January 20, 1976 under the principles of “pickup with a single phone call” and “next-day delivery,” with the initial area covering the entire Kanto region<sup>11-16</sup>. TA-Q-BIN was launched just one year and three months after the KOGUCHI-BIN trial. Yamato Transport took this opportunity to change the terms “driver” and “pickup and delivery person” to “Sales Driver.”

Now, it is also important to look at the term “TA-Q-BIN.” Actually, “TA-Q-BIN” made an appearance in an internal bulletin reporting on the small-lot delivery trials. In his “Main Points” above, Masao also used the term. As a result of this, TA-Q-BIN took root as the name of this new service.



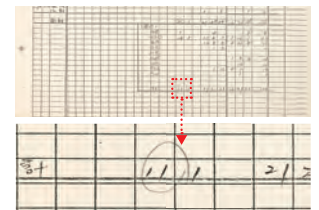
13—Sales Driver explaining details of TA-Q-BIN service in front of customer’s home (Fujieda Branch, Shizuoka Prefecture, 1976)



14—First leaflet for TA-Q-BIN (January 1976), originally called YPS TA-Q-BIN



15—Pickup and delivery vehicles used at the launch of TA-Q-BIN



16—First tally sheet used after the launch of TA-Q-BIN, showing “11” as the number of parcels of January 23, counted for the first time

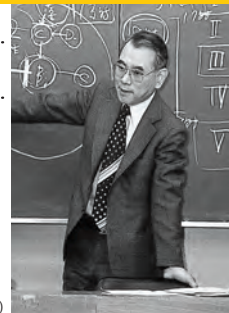


## 【 Chapter 3 】

## The story of TA-Q-BIN's growth

TA-Q-BIN started operating on January 20, 1976, using the Yamato Courier route network developed by Yamato Group's founder, Yasuomi Ogura. To further increase the density of that network and expand nationally, Masao Ogura changed the company's course dramatically by withdrawing completely from large-lot cargo business and focusing mainly on the TA-Q-BIN business. He then proceeded to develop new services and products available for use anytime, anywhere, and by anyone.

President Masao Ogura explaining how the TA-Q-BIN transport system works (February 1980)



## 1—Starting TA-Q-BIN

## Utilizing the Yamato Courier Kanto route network

TA-Q-BIN started operating in the Kanto region on January 20, 1976. The quick launch in Kanto was made possible thanks to the Yamato Courier route network developed by former president Yasuomi Ogura. At the time, the company already had sales offices and a department store delivery network covering the six prefectures and Tokyo in the Kanto area. Yamato Courier's four sales offices in Fukagawa, Suginami, Itabashi, and Tokyo also converted to TA-Q-BIN sites and they started sales operations as TA-Q-BIN sales offices.

The first day that parcels were counted was January 23, with a total of 11 parcels, while the total number received for that month ending February 25 was just 8,591. Even having the existing small-lot cargo switched to TA-Q-BIN hardly increased those numbers either.

In August, a sales office was also opened specifically to receive parcels for TA-Q-BIN. That first store was opened in Fukaya in the northern part of Saitama Prefecture, next to Tokyo, in expectation of shipments including Japanese leeks and pickled cucumbers. The Tokyo-Nakano TA-Q-BIN Center was also opened by renovating a former dry cleaning store<sup>1</sup>. However, not a single parcel was brought in during the store's first week of operation. There were no TA-Q-BIN inquiries either, just inquiries about normal cargo and moving services. With just two staff members, their main task was handing out leaflets in front of the station in the morning and afternoon. It took about one month for them to get customers starting to use TA-Q-BIN. A mortician's office next door also started using TA-Q-BIN for sending gifts in return to people who made a funeral offering, but even that did not satisfy the workers or management. Commercial delivery business, which the company had engaged in before launching TA-Q-BIN, started to flow into other companies. It had to do something to start receiving more parcels from homes.

## The role of agencies

Masao's concerns were how to ensure he could pick up every parcel with his limited manpower when he did not know how many would come and where they would come from. What system would convince potential senders of the convenience of his service? He concluded that agencies located close to the senders could accept parcels, and he envisaged a distribution system where agencies would be located within 100 m of people's homes. He wanted to use existing places that housewives would be familiar with, such as stores dealing with fuel, rice or liquor. He therefore gave his staff an additional task of increasing the number of agencies. As a result, agency contracts were signed with 24 stores in Tokyo in October 1976.

One of the stores that became an agency for TA-Q-BIN at that time was Mishimaya Shoten<sup>2,3</sup>, a liquor store located in Nakagawa, Tochigi Prefecture. With the number of parcels increasing rapidly, the agency employed a part-time person to write out waybills. "Everyone said how fast deliveries seemed with Mishimaya," commented one family member about that period. "The best thing about becoming an agency is that we could help and please our customers."

At the end of March 1981, there were more than 12,000 agencies. However, around that time, many other companies were joining the parcel delivery service market, which increased competition for new agencies. This was due to the importance of agencies as a means of growing the market.

After reviewing its standards for establishing agencies, Yamato Transport focused on increasing the number of agencies to achieve a national network of over 100,000 stores. As a result of these efforts, the number of agencies increased to 44,449 by the end of March 1983, and then to 116,165 by the end of March 1985, thereby achieving its goal. Convenience stores helped dramatically



1—Nakano TA-Q-BIN Center opened in August 1976 for receiving TA-Q-BIN parcels



2—Mishimaya Shoten, a liquor store in Nakagawa, Tochigi Prefecture (photo taken in the 1980s)



3—Agency signboard at launch of TA-Q-BIN service



4—First animated television commercial (March 1976)

expand the agency network. From the second half of the 1970s, 24-hour convenience stores started to spread across Japan, and there were moves for rice stores and liquor stores to become affiliated with convenience store chains. After negotiations with these national convenience store chains and exchange of contracts, Yamato Transport was able to expand its sales channels. As a result, its agency network reached 200,000 by the end of March 1989.

### The struggle to promote TA-Q-BIN

TA-Q-BIN was launched with the catchphrase of ‘next-day delivery with a single phone call,’ but the first issue it faced was how to promote its existence. Without that, the number of parcels would not increase, so the company set about creating a television commercial.

## 2—The road to a national network

### Business transformation centered on TA-Q-BIN

In December 1977, TA-Q-BIN broke through the 1 million parcels per month level. Compared to the previous year when the service was first launched, this represented enormous growth but Masao was not satisfied. TA-Q-BIN sales still only accounted for 9 percent of the company’s total sales. Among frontline employees, there remained a feeling of dislike for small-lot cargo as they tended to prioritize large-lot cargo that they had been more familiar with for years.

Masao made a critical, irreversible decision, instructing his company to completely withdraw from large-lot cargo business in spring 1979. As a result, Yamato Transport turned down all orders from large electrical equipment manufacturers and others with which it had worked for many years. Sales naturally dropped, but with no way to go back, the decision gained momentum toward becoming a door-to-door parcel delivery (TA-Q-BIN) company. The drastic measures had an immediate effect, with the lost sales recovering by the following year. That same year, the company also started operating on Sundays and national holidays, which was standard in the service industry, so that by the end of March 1981, it had handled more than 30 million parcels for the year.

### Thinking of a national network

The reason that the company was delivering more parcels was that TA-Q-BIN was made available in more areas and to more customers. However, next-day delivery was originally limited to cities and certain other areas.

Masao wanted more. Even before launching the TA-Q-BIN service, Masao had envisaged a nationwide network. He felt that being able to collect parcels from anywhere in Japan and deliver them to anywhere would raise the quality of the service and create a point of differentiation from competitors, which would make

TA-Q-BIN’s first advertising commercial was an animation, broadcast in March 1976, about six weeks after its launch<sup>4</sup>. Immediately afterward, the headquarters started receiving many telephone inquiries. The commercial provided a great boost, especially at a time when they were trying to break the 50,000 parcel-per-month level. With the “Kuroneko Yamato no TA-Q-BIN” jingle appearing in commercials in 1979, three years after the service launch, the name of TA-Q-BIN became well-known quickly<sup>5</sup>.

Efforts were made to increase brand recognition in other ways as well. One was the Yamato-kai private taxi service set up by a group of former Yamato Transport workers. Yamato-kai devised and implemented various PR methods, including inserting TA-Q-BIN posters in the taxi seat covers and hanging leaflets inside the cabs<sup>6</sup>.

people using TA-Q-BIN happy.

Using the 1986 TA-Q-BIN Center Network Concept, Masao calculated how many stores would be required to satisfy the conditions of having one or more stores in each city, ward or district, one store per 40,000 households, and each territory having a radius of up to 20 km, about the same as a 30-minute drive radius. His answer was 1,200 stores, which was the same as the number of police stations across Japan at the time, and he reached that target in 1994.

### Expanding areas under the DAN-TOTSU (Absolute top position in Japanese) Three-Year Plan

As people heard about TA-Q-BIN, they would ask for the service in their area, and this sort of feedback increased day by day. There was an urgent need to expand service areas across Japan to quickly meet this demand. It was essential for the company to improve its services, by primarily focusing on expanding service areas, so as to continue to survive and grow further. The problem was that, in anticipation of the popularity of the TA-Q-BIN service, 113 companies offering 35 service brands entered the market.

In 1981, TA-Q-BIN launched its *DAN-TOTSU* Three-Year Plan with the purpose of distancing itself from the other companies and creating a huge lead ahead of the pack. The name was chosen through an internal competition and was used in subsequent plans—the New *DAN-TOTSU* Three-Year Plan and *DAN-TOTSU* Three-Year Plan, Part 3. As a result of nine years of *DAN-TOTSU* plans, TA-Q-BIN service areas became larger, covering 99.5% of Japan (area ratio).

### Acquiring licenses for trucking routes

Although TA-Q-BIN was applying for licenses for trucking routes in each region, it was not easy for the license application to be granted. This was due to local businesses opposing TA-Q-BIN



5—First advertising commercial character Kuniko Ashihara with Yamato employee Takamitsu Arakawa



6—Advertising support from Yamato-kai private taxi service



7—President Masao Ogura giving his opening statement at a public hearing into route licenses for National Route 20 (January 1984)



8—Opening ceremony for Kofu Regional Branch (August 1984)

expansion, and the Ministry of Transport delaying in considering the applications. By delivering parcels from door to door, TA-Q-BIN was making a clear distinction from conventional route business, which local businesses found difficult to understand. The Ministry of Transport was also slow to act so discussions made little progress. Meanwhile, the voices of people waiting for TA-Q-BIN to become available kept rising.

In Yamanashi Prefecture adjacent to the Greater Tokyo Metropolitan service area, requests for launching TA-Q-BIN were heard particularly loud. Despite applying for that license in August 1980, there had been no word from the ministry because 13 local businesses were strongly opposed. The number of opposing businesses gradually declined but one business alone refused to agree. TA-Q-BIN's hopes rested on a public hearing on January 18, 1984, where Masao stressed that, "TA-Q-BIN would only be able to meet customer needs by completing its nationwide network<sup>7</sup>." As a result,

approval was granted in May that year, a total of three years and nine months after the initial application. The Kofu Regional Branch was finally opened in Yamanashi Prefecture on August 1, with 744 parcels received on that day alone<sup>8</sup>. The majority of those parcels contained local specialties such as peaches and grapes.

One after the other, regions across Japan went through the same changes, from the Kyushu Route to the Northern Tohoku Route. In June 1991, on hearing that then President Mikihiko Tsuzuki was stepping down, President Hideo Okajima of Fukui Transport, a long-time business partner, thought that President Tsuzuki would regret not completing his network, so he transferred his company's trade rights to TA-Q-BIN. With this, TA-Q-BIN was able to operate directly in every Japanese prefecture. Then in November 1997, six years later, with the addition of the Ogasawara Islands area, TA-Q-BIN's national network was completed.

### 3—Moving ahead through new product development

#### New products to meet specific needs

While expanding its areas, TA-Q-BIN also increased the variety of things it could transport. In 1982, the Nagano Branch found that the number of parcels carried dropped significantly after the apple season finished. In other words, the arrival of winter meant a decrease in the number of parcels. One employee was looking for something new to carry in winter when he noticed some skiers carrying long and heavy skis over their shoulders as they walked along. He wondered if TA-Q-BIN could carry them, too. While the total dimensions of skis exceeded the one-meter rule for TA-Q-BIN parcels, he expected the skiers would happily let TA-Q-BIN carry them instead. In December, the Nagano Branch launched a "Hands-Free" ski courier service and carried 17,000 skis through to the following April. Headquarters was also paying attention and devised packaging materials suitable for this new service and turned it into a national service called Ski TA-Q-BIN<sup>9</sup>.

In 1984, it also launched the Golf TA-Q-BIN service carrying golf bags to golf courses<sup>10</sup>. The new service had its own issues to deal with, including that many golf course names were similar and that the golf bags had to be delivered the day before rather than on the day of play. Golf clubs could also be damaged if the bags were carried on their side, so the company developed golf bag cases and transport vehicles and registered the designs for them.

It also created Cool TA-Q-BIN for cold items to be delivered cold. This particular project was launched in 1984 as part of the New DAN-TOTSU Three-Year Plan. The development concept was "a service available for use anytime, anywhere, and by anyone, regardless of types of packaging, to have a parcel delivered at the right temperature to an individual."

The first thing that came to light after discussion was that this

service would initially require an enormous investment. Nevertheless, Masao prioritized meeting the definite demand.

Getting the idea from a refrigerator chiller function that was becoming popular at the time, Masao created three temperature settings: 5°C, 0°C and -18°C. After a trial in the 23 wards of Tokyo, the service was launched nationally in 1988<sup>11,12</sup>. With the start of Japan's economic bubble and a boom in the popularity of gourmet foods, individual consumerism was also on the rise. Five years after the launch of Cool TA-Q-BIN, the original three temperature settings were reduced to two in line with the way refrigerators were used in homes.

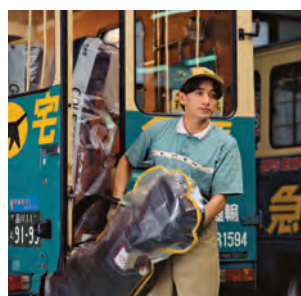
The Airport TA-Q-BIN service was launched in November 1989, carrying luggage for overseas travelers from their homes or hotels to Narita International Airport, where the bags could be collected from a counter. With this service, travelers could travel to the airport without the burden of large suitcases. Sales offices in Kanto were the first to offer the service, but by March 1990, less than six months after its launch, all agencies around Japan were receiving suitcases.

There was one common need that Airport TA-Q-BIN, Ski TA-Q-BIN and Golf TA-Q-BIN met. That was the need for a round trip service. To eliminate the hassle of writing out waybills for return delivery at airports or other destinations, a detailed system was developed and put in place to make it possible for all necessary booking for roundtrip delivery to be made when filling out waybills for outward delivery. These services enabled "hands-free" enjoyment of leisure activities and travel.

In 1983, an International TA-Q-BIN service was launched for overseas deliveries. This service kicked off where the company had local subsidiaries—in seven cities in America, in Hong Kong, and



9—Ski TA-Q-BIN delivery at launch of service



10—Golf TA-Q-BIN delivery (1990s)



11—Cooler bag used at launch of Cool TA-Q-BIN



12—Walk-through vehicle, equipped with refrigerator with three temperature settings, at launch of Cool TA-Q-BIN service

in Singapore. Over time, there was a sharp increase in demand for other areas, so UPS TA-Q-BIN was launched in collaboration with the United Parcel Service of America (UPS) to expand service areas<sup>13</sup>.

### New service enables specification of delivery time

As the TA-Q-BIN service spread, it became evident that receivers were often not at home at the time of parcel delivery. It was a situation where parcels would be carried to homes but then carried back when no-one was home to receive them. Masao felt that Yamato Transport was at fault because parcel delivery was attempted when people were not at home.

When TA-Q-BIN was launched, an attempted delivery notice was generally issued and left in the newspaper mailbox or some other location when the recipient was not at home. The parcel would generally not be left with a neighbor. From surveys and other responses, it was clear that many people were reluctant to let the drivers entrust parcels to neighbors, and neighbors were reluctant to receive them. That was when TA-Q-BIN started delivering when people were at home. If that time was known in advance, parcels would be delivered accordingly, and if for some reason the recipient was not at home at that time, the parcel would be carried back and the recipient contacted to arrange a suitable time for delivery by either 8:00 p.m. that day or during the morning of the following day. The system called “Delivering-when-recipients-are-at-home system” started in 1985.

In November 1988, an evening delivery service was started so senders could specify a desired delivery time zone when parcels were received<sup>14</sup>. For people who tended to be away from home during the day, a delivery time between 6:00 and 8:00 p.m. could be chosen. This also improved efficiency by reducing the number of redeliveries required.

This service evolved into the Time Zone Delivery service ten years later in 1998. Starting in March in the Kanto and Southern Tohoku regions, and then nationwide in June, people could choose a 2-to-4 hour time zone for delivery of their parcels. Then at the end of 1996, TA-Q-BIN started operating over the year-end and New Year holiday period, with the cooperation of the labor union, as the company moved to a 365-day business year.

### Size changes and new service initiatives

While the TA-Q-BIN service spread, parcel sizes were also changed in line with actual usage. The service started with a maximum parcel weight of 10 kg, which was increased to 20 kg in 1977 at the same time as introducing a new S-size and M-size service. However, customers were asking for lower prices in line with the lower weights. One student was also heard to comment; “If you can carry small and light items for less, then I might use it more for lending and borrowing notebooks.”

At that stage, TA-Q-BIN freight fares were set based on the

same rules applied to commercial cargo with regular truck route services. Yamato Transport had two size classifications: M and S. S-size parcels were carried for 100 yen less than M-size parcels (up to 20 kg each). However, to improve convenience for its customers, Yamato Transport decided to introduce new P-size parcels of up to 2 kg that were even cheaper than the S-size parcels. As a result, it established unique TA-Q-BIN freight fares with M-size, S-size, and P-size parcels varying by 200 yen between sizes. It then applied for approval from the Ministry of Transport.

Unfortunately, the application was not considered for a whole year. Prior to that, it was also normal practice for the Ministry of Transport to decide when new price schedules would be introduced.

In the morning edition of a newspaper on May 17, Yamato Transport ran an advertisement announcing it would start handling P-size parcels, but the ministry still refused to budge. Then on May 31, it ran another advertisement saying that acceptance of P-size parcels would be postponed due to delays in the approval from the Ministry of Transport. The public response was enormous, finally pushing the ministry to act. Just two months later, on August 15, Yamato Transport was able to launch its new freight fares as planned with the P-size classification.

In the mid-1980s, with the growth of the mail-order market, demand for cash-on-delivery services increased. COD was a common service for department stores. In 1986, based on this type of service, Yamato Transport launched a new service called TA-Q-BIN Collect, whereby recipients pay for items on delivery and money transfer is made to mail-order companies within one week of delivery, contributing to the development of the mail-order market, and meeting the needs of consumers and mail-order companies.

### Did you know?: The appeal of movement

Banner flags flapping in the breeze at the entrance to agencies. Use of these flags started in October 1981, with the first ones made by a dye house in Maebashi City at the request of a Department of Sales employee, in the Takasaki Regional Branch in Gunma Prefecture, who felt that sign boards alone did not stand out. The flags had red lettering on a yellow background. The Division of Sales at Headquarters was not impressed when they received a sample, commenting that the flags looked like ones used by theatrical troupes in the countryside. However, Masao was very impressed because the moving flags would draw the eyes of passersby when they flapped in the breeze. From that point, the TA-Q-BIN flag would fly high all around Japan. The colors might be different today, but the flag has become a familiar part of the landscape all across the country. And it all started from one employee’s idea and Masao seeing its merit.



13—First UPS TA-Q-BIN service (1987)



14—Poster announcing a new business model for TA-Q-BIN, with four parcel size categories and the launch of an evening delivery service (1988)



Standing sign board (1977) and banner flag (1982)

【 Chapter 4 】

# The story of business diversification

Yamato Group’s management structure, which enhances overall strength through multiple businesses, was built on the foundation of efforts by Yasuomi and Masao Ogura to diversify their business. In the midst of post-war turmoil, Yasuomi entered into a broad range of logistics-related businesses. Even after TA-Q-BIN, Masao continued to launch businesses designed to meet the evolving needs of customers. This chapter follows the challenges that these two men accepted.



Yasuomi Ogura greeting Vice-President James Cummins from Allied Van Lines

## 1—Yasuomi’s efforts toward diversification

### The path to business diversification

As mentioned in Chapter 1, Yamato Transport’s efforts toward business diversification started in 1946 with the acceptance of orders from the Allied Occupation Forces. Recognized for its job performance, the company continued doing similar work and branched out from its trucking business into areas such as customs clearance, air cargo and sea cargo. In 1953, it established a Division of Business to oversee operations of packing and transport, air cargo, and sea cargo all together, enabling itself to build the foundation for further business expansion.

### Expansion of department store delivery business

Yamato Transport’s department store delivery business also grew significantly after the war. This was one of the markets developed by Yasuomi to increase work that had been negatively affected by the Depression of 1920.

Deliveries had been suspended during the war, but with the Mitsukoshi Department Store resuming its delivery service in the Tokyo area in 1949, Yamato Transport also restarted its business and established the Mitsukoshi Office. In addition to Mitsukoshi, it then expanded its department store delivery business to other stores including Shirokiya, Matsuya, Isetan, and Takashimaya. It also became involved with deliveries for Odakyu Department Store, Keio Department Store, and others when they opened between the mid-1960s and mid-1970s, and opened the Tokyo Delivery Center in Shinonome, Koto-ku in Tokyo in 1968.

Around the same time that business was growing for department store deliveries, the impact of a recession took its toll on the route transport business that had been the company’s core business until then. Department store deliveries gradually became the mainstay that propped up Yamato Transport’s management base.

As explained in Chapter 2, department store deliveries came with a unique problem—busy season. Yamato Transport was able to overcome that difficulty with the introduction of 2-ton trucks, which it was able to quickly dispatch to locations everywhere. As a

result of continuing department store delivery service through creativity, this particular business grew until it accounted for about 20 percent of the company’s total business in the 1960s.

### Pre- and post-war local truck charter business

The local truck charter business, specializing in contracted transportation of company products and parcels, was also born in the early twentieth century and grew strong after the war. With its beginnings in 1923, after the Great Kanto Earthquake it rented 10 trucks to the Department of War for carrying relief goods and other cargo. After that time, it provided similar services to Ministries including the Ministry of Communications, Ministry of Education, Imperial Household Ministry and other government offices including the Tokyo Government and local governments in Yokohama City and elsewhere. From the early 1930s, it also extended the service to the private sector.

Immediately after the war, on September 10, 1945, the local truck charter business was resumed to meet this private demand for transportation. Fresh fish, vegetables, fruit and other foods were the majority of items brought by shippers along with gasoline which was difficult to obtain.

Then, as companies relocated their offices, other cargo for moving was added, including office items. One unique job involved transporting, setting up and dismantling a wrestling ring for a professional wrestling organization performing all around Japan.

After the war, Yamato Transport also packed and transported household goods. This particular business had its origins, as mentioned previously, in the packing and transportation of furniture and household goods for army personnel of the Allied Occupation Forces when they moved house or returned to their home countries.

US Army-related work was conducted from 1957 in partnership with American company Allied Van Lines. When the volume of work increased, the volume of work using that company’s 5-ton container also increased. This partnership continued for five years until the US Forces in Japan were reduced.



1—Roualt Exhibition (1965), with Managing Director of Louvre Museum giving directions



2—Specialized truck developed and patent application filed for carrying Coca-Cola products (circa 1970)



3—Mixed cargo loading bays at Akihabara Station (from 1956 business guide)



4—International air cargo vehicle (1950s)

Yamato Transport was able to leverage its technologies and sites at the time to pack and transport furniture and household goods for ambassadors and ministers of various countries, and to do work related to wedding anniversary events for the then Crown Prince of the Imperial Family. In 1972, the company also started transporting cargo for Yomiuri Giants professional baseball players. Shigeo Nagashima, the then team manager and former player, was quoted in a company's internal newsletter interview as saying that, "Yamato is another member of the Giants." Other famous people in history that Yamato Transport carried for were Junko Tabei when attempting to summit Mount Everest as the first woman to do so, and Pope John Paul II on his visit to Japan.

### **Packing and transportation of popular works of art**

From about 1955, Yamato Transport started packing and transporting works of art. The idea for this came from the personal experience of one employee. One day, when visiting his friend's house to see some decorative art as valuable as important cultural assets, he felt that there must be demand for transporting such items as well. Looking around, he noticed that newspaper companies and others were holding various art exhibits.

The first job came in May 1958 when the company was contracted to work on an Inca Empire cultural exhibit, and then in June on a Roman Empire exhibit. Auguste Rodin's "The Thinker," currently at the National Museum of Western Art in Tokyo was also transported by Yamato Transport. While gaining this experience, the company received the opportunity to learn about how to handle and pack works of art over a period of one year at the Tokyo National Museum<sup>1</sup>.

Many works of art have been carried over the years, but there are two in particular that are worthy of their place in history. The first was 'mummies' and the second was 'sunflowers.'

The mummies were the center of interest in an exhibition of Inca civilization and mummies held in 1975. The person in charge traveled to Peru where he packed 11 mummies in the presence of staff from the Agency for Cultural Affairs, customs officials, and a notary public. As the necks were the most fragile parts of the mummies, they were packed carefully, as if they were high-quality china cups, to prevent them from being broken.

Sunflowers is the name of a painting by Vincent van Gogh. At an auction in 1987, a major Japanese nonlife insurance company made global news when it paid 5.8 billion yen for the painting. Yamato Transport was asked to transport the painting, and this time, took extra care not only to pack them properly but also to transport them safely while taking security into account.

### **Local truck charter business earns trust**

One final mention of Yasuomi's local truck charter business is the work the company did with Tokyo Coca-Cola Bottling (now Coca-Cola Bottlers Japan Holdings). Begun in 1961, Yamato Transport carried products from the Coca-Cola plant in Shibaura, Tokyo, to Misawa Air Base (partly US Air Force Base) in Aomori Prefecture. Back then, some employees did not even know what Coca-Cola was.

A plant was later built in Tama, Tokyo, and demand exploded. This led to the establishment of the Coca-Cola Office within Yamato Transport's Takahama Branch in 1964, the Coca-Cola Sales Office on a site adjoining the Coca-Cola plant in 1966, and the Coca-Cola Sales Division in 1968. The Coca-Cola business accounted for the greatest share of local business at the time<sup>2</sup>.

Yamato Transport earned sufficient trust to later be put in charge of work that included replenishing the plant's stocks of empty bottles and cans, moving products ready for shipping, and delivering to liquor stores and wholesalers. This work continued until 2009.

### **Rail freight transport supports the company's operations**

During the period of recovery after the war, Yamato Transport started a rail freight transport business using Japanese National Railways lines rather than just trucks as a method of transport. Taking advantage of the elimination of a rule limiting the number of companies to one per station, the company obtained rail freight transport licenses in 1949 for the main freight stations of Shiodome, Akihabara<sup>3</sup> and Iidamachi in Tokyo. Thanks to information received from connections made through work with the Allied Occupation Forces, it was able to quickly submit the application forms.

The business started in 1950. Small-lot mixed cargo, using a combination of rail transport and truck route networks, became so popular that the business was making a profit by the third year, and accounted for more than 20 percent of the total company earnings another two years later.

However, the rail freight transport business is easily impacted by the economy of the times. Cargo volumes increased as an effect of Japan's economic boom from 1956, and then fell in the economic doldrums of 1958. During this period, however, Yamato Transport introduced forklifts and pallets to streamline its operations.

When JNR started full-scale operation of a container train in 1959, Yamato Transport also became actively involved in the operation, and maintained that involvement even after launching its own truck service between Tokyo and Osaka in 1960.

As a result, the rail freight transport business steadily improved and earnings continued to increase through to the early 1970s, supporting the company's operations throughout this period.

### **Business expansion into air cargo, sea cargo, and travel markets**

From the beginning, Yasuomi maintained a special focus on "competing against time," so it was natural that airplanes attracted his attention. In 1932, he launched an air cargo transport business for customers who needed speedy services.

After the war, in 1950, he relaunched this business starting with customs clearance for army personnel stationed in Japan when returning home. In September of that year, the business acquired a customs broker license. Next year, it also started handling air cargo after entering a passenger and freight agency contract with Civil Air Transport (CAT), a Taiwanese company that was not a member of the International Air Transport Association (IATA). It also qualified as an IATA Cargo Agent in 1955, which further expanded its air cargo business<sup>4</sup>.

With the volume of international air cargo increasing dramatically, and further growth expected, a representative was posted to New York in 1968, and Yamato Transport's first overseas representative office was opened. The New York Sales Office was opened in 1971, the Los Angeles Representative Office was opened in 1972, and Europe's first representative office was opened in Amsterdam in 1975.

Yamato Transport acquired a license for domestic air cargo transport in 1962 and established its own independent system for transportation operations by means of the main routes, excluding Okinawa, by 1973. With this, it achieved a network of high-speed connections between Tokyo and the regions.

In 1952, the company entered the sea cargo and port transport business. This created an integrated transport structure able to handle all transport by itself, including the barge transport it had previously left to other companies, while acquiring all the qualifications required when handling luggage for army personnel stationed in Japan on the occasion of returning home, such as for packing, transportation, shipping and customs clearance.

Yamato Transport quickly added support for sea container transport as well. In 1967, the company's employees went to Shinagawa Pier to see the first container ship to arrive from America with their own eyes. Like when the first foreign steamships visited Japan in the past, this container ship seemed to signal the coming of a new era. It carried 325 10-foot containers, but Yasuomi's employees sensed they would get bigger in the future. During that year, Yamato Transport conducted land transportation tests of sea containers. After establishing internal systems as well, it transported its first sea container in 1968 in collaboration with Japan Line (now Mitsui O.S.K. Lines)<sup>5</sup>. That container, transported from Noda City in Chiba Prefecture to Yokohama Port, was filled with soy sauce products.

Afterward, Yamato Transport became involved in related businesses, including unloading and leasing containers, and established

Far East Lease Co., Ltd (now Yamato Lease) in 1977. This enabled the company to build a door-to-door, international integrated multi-modal transport system. In 1979, the system carried large playground equipment for an amusement park, and an airship larger than a Jumbo Jet from overseas.

At one time, Yamato Transport also became involved in the travel business. It launched a travel agency business in 1963 and a domestic tourism agency in 1967.

The Yamato Transport package tour brand "Cat's Eye Tours" was launched in 1983. This was a project of the Travel Service Division, which was an offshoot of the Air and Sea Business Division. The number of Japanese people traveling overseas increased dramatically two years later, with the appreciation of the yen under the Plaza Accord, indicating that the company had anticipated this change.

## 2—Masao's efforts toward diversification

### Identifying potential user demand

While Yasuomi took advantage of the social structure change associated with the end of World War II as an opportunity for business diversification, Masao identified potential demand among users and developed new products as a way to diversify his businesses.

TA-Q-BIN was a good example of this. Masao grasped the need for a door-to-door service that would enable even a single parcel to be delivered, and did not require troublesome packaging. With this, he was able to create the mechanics of his TA-Q-BIN service. With the policy of "Service comes first, and profits will follow" in his mind, he prioritized meeting customer needs.

### Developing moving business with new ideas

After the war, Yamato Transport's moving business, which had focused on army personnel stationed in Japan when returning home, transitioned to a moving service for government agencies and corporations during a period of rapid economic growth. In 1973, it established a new Moving Center within the Headquarters Division of Development to expand and capture business including the relocation of offices to an increasing number of high-rise buildings. Then in 1978, it started a new business called the Small Moving Service for the general public. This service was originally limited to Tokyo and Osaka cities and their environs. During this time, it also developed packaging materials for fragile plates and bulky futon bedding, and equipment to facilitate the carrying of heavy items up and down stairs.

In 1984, the four members of the newly established Division of Moving Development conducted a comprehensive review of the company's moving services. One of those members was Masaki Yamauchi, who went on to become President of Yamato Holdings. Masao instructed him to think about "how people can enjoy the same lifestyles when they move to a new home." For example, he was tasked with finding out how to enable a father, who just moved home, to go off to work in the morning, return home after work, and sit down to a meal like he did every day prior to the move.

As a result, the company developed its Easy Moving Pack in 1985 so that families that were moving did not have to pack or unpack. They could leave everything up to Yamato Transport, from packing and carrying goods, to removing them from boxes and putting them in place at their new location. A new Moving Advisor role was created, and this advisor had detailed meetings with people who would be present on the day of the move. Moving was also redefined as "moving living spaces" rather than "transporting household goods." At the time, the new Easy Moving Pack was positioned as the company's second pillar alongside TA-Q-BIN<sup>6</sup>.

In 1990, a new moving service "My Move 2m<sup>3</sup>" was launched

for people without the amount of luggage that would need to charter an entire truck, such as university students living alone for the first time. After the popularity of test sales within the Chubu Regional Office, service areas were expanded in no time at all. Development of new moving services like this, matched to the life stage of each customer, continued afterward as well.

### Challenges of domestic air cargo transport

Continuing to meet the need for faster deliveries, TA-Q-BIN, which was launched in 1976, expanded its next-day delivery areas with the help of domestic air cargo transport.

After expanding the next-day delivery areas for TA-Q-BIN, a same-day delivery service was launched in 1982 and a business-hours delivery service was launched in 1986 to meet the need for ever-faster and accurate deliveries<sup>7</sup>.

The business-hours delivery service combined the speed of airplanes or bullet trains with the maneuverability of motorcycles to meet requests for specific time deliveries, which made it extremely convenient for exchanging documents between companies. Of course, this was in a time before data could be transmitted over the Internet.

Afterward, Yamato Transport combined a range of value-added services with speed to provide customers with optimal services.

### Initiatives to pioneer new businesses ahead of the time

There are examples where pioneering business models were created by leveraging the existing TA-Q-BIN networks to meet potential demand from customers.

For example, it is not unusual that it takes a week or longer for a book to arrive when ordering it from a bookstore. The book distribution system at the time, which routed books via bookstores, was an outdated business model. Masao thought it might be interesting to blow some fresh air through that distribution system, so in 1987 he launched his Book Service<sup>8</sup>. Book orders were taken by postcard, fax or telephone, and the books were delivered over the TA-Q-BIN network. The majority of publishers and distributors were unreceptive to this new idea, but the response from users when the service was actually launched was fantastic, with some users even sending thank you cards. This was an innovative service in a time before the spread of e-commerce.

### Kuroneko Mail service

Another new business that utilized the TA-Q-BIN network was the Kuroneko Mail service. This new service was launched as a result of increases in post office rates in 1994. With people asking

whether Yamato Transport could also deliver magazines, the company set about commercializing its postal service on a full scale. Developed from the point of view of user convenience, it's a new service where delivery would take one day longer than with TA-Q-BIN, a pickup service was available, and there was no need for users to manage stamps and other inventory. With trials of the service from August 1996, it was launched nationally in March of the following year. It started with a B4 size limit and, in response to customer inquiries, a mail service sticker using bar codes was introduced. As Kuroneko Mail service delivery partners (individually contracted agents), deliverers called Kuroneko Mate were also actively involved at this time.

After subsequent changes to postage sizes, delivery speeds, and other aspects of the service, it handled up to 2.3 billion items per year (fiscal 2010). However, risk associated with the Postal Act resulted in cancellation of the service in 2015, despite continued support from customers, to avoid inconveniencing the customers. At the same time, the company launched two new postal services—Nekopos and Kuroneko DM-Bin.

### Venturing into integrated logistics

Logistics refers to a system for efficiently and constructively managing the distribution of goods. In the latter half of the 1990s, Japan began to focus on third-party logistics (3PL), or centralized management of a company's goods by third-party businesses. Yamato Transport's first foray into logistics can be traced back to the beginning of the 1980s.

Around that time, Yamato System Development, which had expertise in information and communications, and in developing the NEKO System, received an order from a confectionery company to develop a sales system for new products. It was also tasked with managing product storage and inventory control.

In 1982, the new business was launched from a rented room in a condominium. At the time, it was unusual for an information systems company to be involved in this sort of business, and the company's employees were confused as well. But having their own onsite work enabled them to create an onsite response system that could be used to resolve any issue that suddenly occurred.

This led to the launch of the *Te-Ashi-Tsuki* VAN service, combining information systems and logistics. The *Te* (hands) stood for computers, the *Ashi* (feet) stood for TA-Q-BIN, and the VAN was

the company's communications network. As the TA-Q-BIN service spread across Japan, Yamato Transport was forming a detailed information and communication network that this new service would use. This unique service, combining information, logistics and communications, was able to provide customers with tailored, optimal systems that were both economical and effective<sup>9</sup>.

On the other hand, Yamato Transport was handling logistics processing, storage and other tasks in-house at the request of their major customers. These tasks, however, were considered to be part of the TA-Q-BIN business. Around the middle of the 1990s, they were developed into a full-scale business. Other business handled included everything from storage and management to packing and shipping of products for catalogue sales and mail order.

### Expansion of logistics business

In this way, in line with customer requests, the unique Yamato Transport logistics business was created to integrate all the operations of storing, ordering, processing and transporting, by utilizing information systems and TA-Q-BIN networks. As previously mentioned, there was an increase in the number of logistics businesses providing 3PL services in the latter half of the 1990s, so there was an urgent need for new services to be developed for the industry.

This was when reverse logistics came to the attention of Yamato Transport. Reverse logistics means transporting things in the opposite direction to normal, such as items to be sent back to manufacturers for return or repair. And it was common for the manufacturers to be in charge of this kind of operation. When the Kuroneko Quick Maintenance service, which was expected to reduce time taken for repairs, launched in 1997, the first customers were office equipment traders. The number of customers increased in recognition of the speed and convenience the service offered. Replacement items were sent to customers during repairs, and the replacement items also had to be checked, so Yamato Transport also became involved in repair work.

As a result, Yamato Transport and part of the logistics business of Yamato System Development were integrated in 2000. Thereafter, as organic connections were made between Group management resources, the company was able to expand integrated services across the full logistics spectrum in response to customer needs<sup>10</sup>.



5—Container trucks delivering cargo to container ship at Keihin Port (late 1960s)



6—Easy Moving Pack service (1980s)



7—Business-hours delivery service rider (1988)



8—Packing and shipping for the Book Service (1994)



9—Shipping work at Yamato System Development's Kawaguchi Logistics Center (Saitama Prefecture) opened in 1987



10—Aerial view of Yamato Transport's Kanagawa Logistics Terminal completed in 2007. At the time, it was the Yamato Group's first full-scale logistics terminal, including a logistics building that housed the Kanagawa Sorting Hub and Yamato Logistics.



Chapter 5

# The story of Group collaboration

The rapid growth of e-commerce, evolution in digital technologies and other factors were driving significant changes in our lives. In the middle of this, Yamato Transport adopted a pure holding company structure in 2005 as a new growth strategy for the company. Enabling appropriate distribution of the management resources created through the growth of TA-Q-BIN, the new structure would revitalize existing businesses and promote the growth of new ones. With this, the company embarked on new initiatives to reflect Masao Ogura's words about "things that should be changed, and things that should not be changed."

Haneda Chronogate, Yamato Group's largest logistics terminal (2013)



## 1—Promoting Group management

### The birth of Yamato Holdings

In 2005, Yamato Holdings Co., Ltd. was established by transforming into a pure holding company structure. With Group-wide decision-making and supervisory functions, Yamato Holdings oversaw the operations of its companies in charge of their respective business fields—Delivery, BIZ-Logistics, Home Convenience, e-Business, Financial, and Group Support. (See page 48 for the current structure after subsequent changes.)

Behind this new structure was the intention to move away from an almost total reliance on TA-Q-BIN and appropriately distribute the management resources, created through TA-Q-BIN, across both existing and new businesses. Keiji Aritomi, Chairman and President of Yamato Holdings at the time, felt a sense of ur-

gency, commenting, "TA-Q-BIN has grown strongly over the years, but that growth will not necessarily continue forever." He felt the company had to respond to changing times and develop new businesses, other than TA-Q-BIN, that would support the next generation of Yamato, so he decided to take the company in a new direction<sup>1</sup>.

The new business formation was already decided with the release of the company's "Rebirth and Evolution Three-Year Plan" in 2002. By separating the delivery business from the other businesses, the plan would enable the delivery business to respond more quickly when required. It also clarified that this change would enable the non-delivery businesses to pursue growth independently.

## 2—Further evolution of the delivery business

### Meticulous service over the last-one-mile

After the holding company structure was created, the Group launched its Create Satisfaction Three-year Plan in 2008. The Yamato Group's strengths lie in the well-developed networks of the meticulous service. In other words, its strength is the last-one-mile from distribution points to the customer's doorstep. This plan set forth directions to ensure greater satisfaction for customers by evolving existing businesses and adopting a new business structure to move toward business efficiency and new growth.

One of the methods used to improve customer satisfaction was Kuroneko Members, a membership-based service for individual customers, which the Group launched and expanded from 2007. Aimed at making TA-Q-BIN more convenient and easy to use, Kuroneko Members introduced a number of services that facilitated receiving, sending, and paying<sup>2</sup>.

The TA-Q-BIN e-mail notification service had already been in operation since 2002, but this service was further evolved through Kuroneko Members. Launched in 2010, the TA-Q-BIN Delivery-Time-and-Place specification service let customers specify, in advance by e-mail, not only a delivery time zone but also how to receive a delivery, with options to choose from. As the lifestyles of its customers changed, their ways to receive deliveries became more diverse. So this service introduced a new approach to deliver to an individual person rather than to an address. This led to a further evolution that enabled people to pick up parcels from Pick Up & Drop Off (PUDO) stations, which were parcel lockers installed around Japan, from 2016<sup>3</sup>. Additional functionality was also implemented from 2017, including use of social media to send delivery schedules and attempted delivery notices, and an easy way to issue waybills by smartphone. With the growth of e-commerce enabled



1—Keiji Aritomi, President of Yamato Transport, discussing promotion of Group management (2003)



2—NekoPit terminal installed at the reception of TA-Q-BIN centers to provide services for Kuroneko Members



3—Pick Up & Drop Off (PUDO) stations installed all across cities. This open parcel locker allows users to receive parcels from other couriers as well, helping to resolve a range of issues faced by society. In addition to receiving parcels, some parcels can also be sent from PUDO stations.



4—Dedicated boxes for TA-Q-BIN Compact (2015)

by increased use of smartphones, other functions were created for mail-order companies to provide on their websites, including functions to change delivery time zones or the way to receive a delivery.

At the same time, the spread of e-commerce increased the need for delivery of small parcels. Two new services launched to meet this need in 2015 were TA-Q-BIN Compact<sup>4</sup>, which enabled delivery of anything that would fit in a dedicated box regardless of weight, and Nekopos, which combined next-day delivery with delivery to mailboxes. These services are evolving further, able to be used with other services including anonymous delivery and cash on delivery, and have become more convenient services for customers using flea market apps and the like.

### Expansion into delivery services for corporate clients

The corporate client's business environment was also changing, so the Yamato Group developed a range of services in response. Part of that was to change the stereotypes in the route business in particular, with the launch of the JITBOX Charter service in 2006.

## 3—New development of non-delivery businesses

### Creating a unique trailblazing business model

The Yamato Group was working to create new non-delivery businesses even before transforming into a holding company structure. One of the mechanisms employed was Y-Venture Dream, an internal start-up company system. In the first round of applications in 2002, an idea that came from Yamato Transport's Call Center was used to establish Yamato Contact Service Co., Ltd. the following year. In 2016, the name of the system was changed to New Value Challenge in support of endeavors to create new values.

### Formation of each business

In the BIZ-Logistics business area, cross-organizational structures were promoted. Depending on the business expansion being pursued by a customer, combinations of functions were proposed, including procurement and production, sales, promotions and marketing, and after-sales support. Through this, a range of mechanisms were created for reducing the total cost of corporate logistics. One such mechanism was Auto Pick Factory, an automatic warehousing system that was adopted at Kanagawa Logistics Terminal and other locations. Operating 24/7/365, it handles everything from storage of customer goods to picking, logistics processing, and delivery. The speed and high productivity provided by this mechanism is helping customers expand their businesses. In 2011, the Tokyo Medical Maintenance Center was also opened in Edogawaku, Tokyo, as the Yamato Group enhanced its support of the medical-related field<sup>5</sup>.

In the Home Convenience business area, moving services and

This service was provided by Box Charter Co., Ltd., established as a joint investment with another company in the same field, to transport cargo loaded into roll containers called "roll box pallets." It was an attempt to improve transport efficiency by combining delivery know-how and networks of both parent companies. The Yamato Group embarked on "platform business" to provide business opportunities.

Later on, the business model was further developed in an attempt to provide a joint transport and delivery platform for air and other cargo. S-PAT, which was launched in 2009 by Yamato Holdings' joint investment company Express Network Co., Ltd., was a shared delivery service developed in collaboration with 10 domestic air transport carriers.

From 2004, Yamato Transport ventured into intra-building deliveries for locations like high-rise buildings and large shopping centers, which grew into the Building and Town Management service. Then in 2012, it also launched the Yamato Business Members service as a business support portal site for corporate clients.

other community-based services for all areas of life are being further evolved. While TA-Q-BIN delivers parcels to the front door, this business steps inside the homes to provide helpful services to consumers. One of the services provided is the Comfortable Lifestyle Support Service, providing house cleaning, housework and other support<sup>6</sup>. This business has also been involved in manufacturing and selling private brand goods, including toilet paper from 1997 and drinking water from 1998.

In the e-Business area, the Group's information network and know-how were utilized to develop a diverse range of services. With a focus on the keywords of "security" and "packaging" in addition to "tracing," meaning "parcel tracing system" developed through TA-Q-BIN's parcel tracking systems, these services included various kinds of services such as streamlining operations in the credit card industry, system operations outsourcing, one-stop solutions for mail-order businesses, system solutions for business continuity support, and streamlining of logistics supply chains.

In the Financial business area, businesses focused primarily on TA-Q-BIN cash on delivery services, but as the mail-order market grew, they expanded operations to also include credit card payments for e-commerce sites and e-money terminal rentals for events.

The Autoworks business area grew considerably after being developed out of the Delivery business. Originally working on vehicle maintenance for the Yamato Group, this business has been extended to provide vehicle maintenance for other bus and truck carriers as well. It now provides a maintenance service that enables non-stop logistics operations by conducting scheduled maintenance during



5—Cleaning medical equipment in the BIZ-Logistics business area (2019)



6—Comfortable Lifestyle Support Service, providing house cleaning in the Home Convenience business area (2014)



7—Superworks maintenance plant operated in the Autoworks business area

vehicle downtime. With the popularity of user-friendly scheduled maintenance, maintenance divisions were transformed into profitable business. Keiji Aritomi, President of Yamato Transport at the time, was involved in development of this business. He comment-

ed; “That was a successful example of refining a target market.” As of April 2019, the maintenance plant network has expanded to 71 locations nationally, including 25 Superworks maintenance plants<sup>7</sup>.

## 4—Toward Value Networking Design

### Expansion of the Asian network

In 2008, the Division of Global Solution Sales was created at Yamato Transport as part of a strategic overseas expansion. The objectives were to enhance the company’s ability to handle international distribution, build a base for proposing solutions, expand the TA-Q-BIN business globally, and connect and expand the frontline networks in each region. Prior to that, in 2000, Yamato Transport signed a licensing agreement with a local company in Taiwan to develop its TA-Q-BIN service there. This new division was an attempt to expand the initiative throughout Asia. From 2011 as well, expansion of this Asian network was one of the basic strategies put forward in the *DAN-TOTSU* Three-Year Plan HOP management plan.

In January 2010, the TA-Q-BIN service was launched in Singapore and Shanghai, where there was no equivalent distribution business despite rising living standards. In the same year, Yamato Transport relaunched its International TA-Q-BIN service to connect Japan with Taiwan, Singapore<sup>8</sup> and Shanghai<sup>9</sup>. TA-Q-BIN was also launched in Hong Kong<sup>10</sup> in February 2011, and in Malaysia in September that year. With its very high Internet penetration, the decision to launch in Malaysia<sup>11</sup> was based on anticipated mail-order demand. In 2017, TA-Q-BIN was launched in Thailand as well.

### Promoting Value Networking Design

In 2013, the Yamato Group unveiled Value Networking Design, which became a basic strategy of the *DAN-TOTSU* Three-Year Plan STEP management plan launched the following year. Behind this new concept were dramatic changes in the logistics environment, including a dwindling workforce in Japan, a rapid expansion of e-commerce, evolving AI and digital technologies that were impacting every business and industry, and increasingly borderless logistics. Changing distribution from a “cost-oriented” strategy to a “means of creating value,” Value Networking Design aimed to help both individual and corporate customers improve the productivity and international competitiveness of their businesses. In this way, the Yamato Group is working to revolutionize logistics for an even broader range of customers. Makoto Kigawa<sup>12</sup>, the then President of Yamato Holdings, discussed this concept; “This represented our Third Innovation, after our initial move into the route transport business and subsequent launch of the TA-Q-BIN business. Until this point, the value of logistics was measured by addition, or in

other words by meeting one of three needs in delivery service: quality, speed, and cost. Now, though, overall value would be lost if we were unable to meet expectations for any one of those three needs. At the same time, improving any one of the three would deliver a marked improvement in overall value, which meant a service was now assessed by multiplication of improvements in logistics value, not by addition.”

To realize the Value Networking Design concept, the Yamato Group had to accelerate the creation of diverse value-added models centered on corporate logistics. For example, it set about creating high value-added business models that merged Yamato Group’s information technology (IT), logistics technology (LT), and financial technology (FT) functions with cross-border networks. These logistics systems would maintain the same quality and speed without increasing costs even if cargo volumes increased, and meet the emerging need in Asia for small-lot, high-frequency procurement and delivery, international refrigeration, international mail-order, customer product logistics processing and other services.

A number of facilities were also built in response to these moves. One of them was Haneda Chronogate, which started operations in 2013 as the Yamato Group’s largest logistics terminal. Located close to the main land, sea and air terminals, the new center provided customs clearance, customs bonding, shipping and other processes that quickly connected Japan with overseas destinations. It also functioned as a base for value-added services that require speed, such as cleaning and maintenance of medical equipment, and assembly and repair of products and components. In 2015, the Southern Gate global logistics center in Okinawa was also opened. In addition to offering non-stop logistics operations running 24/7/365 and serving as a base for the International Cool TA-Q-BIN service, it was also engaged in filling and packaging cosmetics and IoT device kitting business. To promote non-stop logistics, the company opened the Atsugi Gateway in 2013, the Chubu Gateway in 2016, and the Kansai Gateway in 2017, and is running high-frequency trunk line transportation between the gateways. At the same time, it is working to automate operations, optimize the Group’s networks as a whole, and reduce costs<sup>13</sup>.

Furthermore, as one mechanism to transform logistics into a “means of creating value,” Yamato Logistics developed the Free Rack Auto Pick System (FRAPS) as a unique logistics system<sup>14</sup>. With movable racks to increase effective space within warehouses, FRAPS made the process of receiving and shipping cargo faster, while in-



8—Press conference announcing the launch of TA-Q-BIN in Singapore, with Kaoru Seto (center), President of Yamato Holdings (2010)



9—TA-Q-BIN center and pickup and delivery vehicle at the launch of TA-Q-BIN in Shanghai (2010)



10—TA-Q-BIN in Hong Kong (2015)



11—TA-Q-BIN in Malaysia (2011)



12—Makoto Kigawa, President of Yamato Holdings, discussing Value Networking Design (2013)



13—Cross belt sorter at Chubu Gateway, with a sliding base mechanism that doubled the previous processing capacity

creasing productivity and reducing costs. This system has also been adopted by Yamato Group customers and others.

As a refrigerated parcel delivery service offered mainly in Asia, the group also launched an International Cool TA-Q-BIN service in 2013, operating from Japan to Hong Kong, and later expanded it to include Taiwan, Singapore, Malaysia and Thailand<sup>15</sup>. At the suggestion of the Yamato Group, and with the participation of

door-to-door delivery and other related companies, industry bodies and experts, British Standards Institution (BSI) formulated the PAS 1018 international standard for refrigerated parcel delivery services in 2017. Through public-private collaborations, Yamato Group worked to increase penetration of the PAS 1018 standard, which went a long way toward establishing refrigerated parcel delivery services as trusted infrastructure in Asia and other overseas countries.

## 5—Focusing on the 100th anniversary of the Yamato Group

### Community-based, lifetime lifestyle support infrastructure

One of the basic strategies put forward in the *DAN-TOTSU* Three-Year Plan HOP management plan was “Establish community-based lifetime lifestyle support platform.” To meet the needs of community life, this strategy developed into Project G, a collaborative initiative with government for creating shared value (CSV) (see Chapter 10).

Through TA-Q-BIN and other services, the Yamato Group had already developed face-to-face contacts with many customers. Making use of these contacts, the Group aims to promote CSV activities contributing to communities through services of its core business, rather than social contribution activities separate from its core business, and play a role as a social infrastructure company.

### Toward new reforms

In September 2017, the Yamato Group announced its new medium-term management plan “*KAIKAKU* 2019 for NEXT100.” The Group will celebrate its 100-year anniversary in 2019, so this plan aims to reinforce the Group’s management foundation to allow it to realize sustainable growth for the next 100 years<sup>16</sup>. Behind this plan was the fact that Group system construction was unable to keep up with dramatic changes in the business environment, including a rapid expansion of e-commerce markets and tightening of labor supply and demand, which created a significant burden for

frontline employees. With a focus on workstyle reform, it will work to achieve structural reform of the delivery business, reform of revenue and business structures to achieve discrete growth, and reform of Group management structure to achieve sustainable growth.

To achieve workstyle reform, the Group will develop “employee-friendly” and “rewarding” working environments, and will go back to its roots where “Participatory Management” (everybody is involved in management) is practiced. To achieve revenue and business structure reform, it will further develop Value Networking Design, develop platforms for each industry, and establish business structures that enable continuous provision of high value-added services. Following this policy of reform, in 2017, it reviewed its Time Zone Delivery Service service and other services and worked to develop reasonable pricing levels, which included the first price increases for TA-Q-BIN in 27 years and reviews of contracted freight fares with corporate customers.

The Yamato Group will continue changing into the future. Masao once talked about “things that should be changed, and things that should not be changed.” Looking ahead to the next 100 years, the Group must consider how it will protect the “things that should not be changed,” and in line with changing times, how it will take the lead in changing the “things that should be changed.” This is a challenge that the Group must continue into the future.



14—Free Rack Auto Pick System (FRAPS) in use at Atsugi Gateway



15—Loading refrigerated airline containers into a cargo plane at Okinawa International Logistics Hub



16—Masaki Yamauchi, President of Yamato Holdings, providing an outline of the “*KAIKAKU* 2019 for NEXT100” plan in a booklet for shareholders (2017)

Chapter 6

# The story of passing down the Core Values

One of the “things that should not be changed” throughout the 100-year history of the Yamato Group is the spirit of the Core Values, alive almost since the beginning of the company. Established by Yasuomi Ogura and carried on by Masao Ogura, the Core Values incorporated into the corporate philosophy represent the unshakeable inner drive and resolve that endure to this day. Ideas expressed in the three statements of the Core Values weave together a number of stories.



48-year-old Yasuomi Ogura with Masao Ogura as a junior high school student (1938)

## 1—From Core Values to corporate philosophy

### Yasuomi Ogura’s philosophy

Yamato Group founder, Yasuomi Ogura, established the Core Values in December 1931<sup>1</sup>.

Yasuomi became sure of one thing about running a company—no matter how efficiently it’s managed, the company itself is nothing but a formal structure. He believed that for a company to be accepted by society, it was of paramount importance that each person working for the company had the right attitude to their work.

Yamato was what its employees made it, as implied in the short statement, “We all represent the company.”

“We connect our customers’ hearts with every delivery” is based on the understanding that people in the business of transporting goods are an important part of social infrastructure and duty-bound to deliver in a timely and precise manner with a sense of responsibility and sincerity, while keeping the intention of each shipper in mind.

“We conduct ourselves both professionally and ethically” clearly underlines the need to remain disciplined and the importance of compliance.

These Core Values were communicated to all employees together as direct instructions<sup>2</sup>. Yasuomi knew it would take time for instructions to filter through the hierarchy from top to bottom given the dispersed nature of the transportation workforce, but this would be more than offset by the initiative of individual employees placing importance on the Core Values.

The same idea was embodied in the “cherry blossom and letter Y” company emblem in use from around 1922<sup>3,4</sup>. The individual petals represent employees coming together to form flowers. In turn, the flowers come together to form a tree in a depiction of the philosophy of Participatory Management.

### Philosophy carried on by Masao Ogura

The philosophy Yasuomi embodied in the Core Values was carried forward by Masao Ogura. In particular, he interpreted “We all represent the company” as also saying all employees are out there on the field, with nobody on the bench. He tied it to the idea of Participatory Management, whereby each employee thinks and acts to resolve issues, deciding for themselves what to do and then taking action; determining for themselves what customers want and helping them get it.

Sales Drivers are symbolic of Participatory Management. Especially in the TA-Q-BIN service, they had been indispensable<sup>5,6</sup>. For commercial cargo, the sales representative and the person transporting the cargo were different people, but that was not the case for TA-Q-BIN. Precisely because they were the ones visiting people’s homes, Sales Drivers had a better idea about where the next job might come from, and how many pieces should be expected.

Masao described what he expected from Sales Drivers as follows.



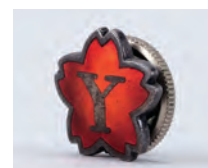
2—In February 1932, after the Core Values were established, Yasuomi produced a recording of company directions and a company song and presented the record to anyone who wanted a copy. The company song was actually written in October 1929. After an internal competition to write the lyrics for a company song, the winner was Yoshio Koto, a Waseda University student who was the younger brother of an employee of Fujiya Taxi, of which Yasuomi was the representative. The name of the composer is unclear.



1—Core Values with portrait of Yasuomi Ogura



3—Design of the “cherry blossom and letter Y” company emblem



4—Company emblem worn by Masao Ogura

First, instead of working like people in a restaurant where an order-taker, chef and waiter do their own work separately to complete one task together, he wanted Sales Drivers to be like a sushi master who does everything and attends to each customer request one at a time.

Second, he wanted them to be the forwards in a soccer team who must engage in close-knit cooperative play and make instantaneous decisions. Masao wanted Sales Drivers to be talented forwards.

### Ideas incorporated into the corporate philosophy

Participatory Management and the policy of “Service comes first, and profits will follow” were catching on among employees, but it was some time before such concepts were put down in writing. The turning point came in 1991, when the Japan Business Federation (Keidanren) established its *Charter of Corporate Behavior*. A call subsequently went out to companies, demanding clear statements about their value to, and role in, society. Yamato Transport proceeded to establish a corporate philosophy, complementing the

Core Values with the Management Philosophy, Corporate Stance and Employee Code of Conduct.

In deciding how to express the Management Philosophy, Masao was unsure right to the end if they should insert the words “social infrastructure” in reference to the TA-Q-BIN service. Masaki Yamauchi, then a member of the project team assigned to formulate the philosophy, clearly recalls Masao contemplating if it might not be too presumptuous. It showed his mixed feelings of enthusiasm for the TA-Q-BIN service becoming a social infrastructure and resolve to shoulder the tremendous responsibility that would entail<sup>7</sup>.

In this way, the corporate philosophy of Yamato Transport was established in 1995, displayed on panels at each sales office, while a booklet was distributed to all employees<sup>8,9</sup>.

Masao did not believe that rules, once set, had to be preserved at all costs. For example, the way employees take leave would naturally change as society changes. Some aspects, however, were simply not to be tampered with; such as the philosophy behind the Core Values, as demonstrated in the form of Participatory Management.

## 2—Participatory Management in action

### Employees keep the spirit alive

Right after the launch of the TA-Q-BIN service, Sales Drivers became the face of Yamato Transport in both name and reality. Underlying that was the pride and sense of responsibility that drivers already possessed -before TA-Q-BIN was launched.

Around the time of the company’s founding, driving automobiles for a living was the dream of many. But in Yasuomi’s eyes, just because you could drive did not mean you were suitable to be a driver. Until they became experts in vehicle maintenance and cargo handling, too, he made them build up experience in handling and otherwise learn the ropes as assistants. He also made drivers wear a uniform with a regulation hat—a first for the trucking industry at the time—and by doing so reminded them they were the company’s

banner carriers<sup>10</sup>.

Times changed and Masao gave Sales Drivers more leeway to make their own decisions. Though limited to that period, he gave them the authority to determine where agencies were needed and to enter into contracts, and the authority to develop new clients. In the event of an accident involving cargo, Sales Drivers were also free to handle matters as they saw fit.

### Fostering a corporate culture

A wide range of initiatives were employed to facilitate smooth communication among employees and to foster a corporate culture. *Yamato News*, the monthly internal newsletter, first came out in 1930. Its purpose was to provide a medium for top-down and bot-



5—Sales office morning meeting (Okayama-minami Sales Office, 1987)



6—Sales Drivers checking parcel destinations on the map before delivery (Kurashiki Sales Office, 1983)



7—Like water, gas and electricity, TA-Q-BIN delivers convenience 365 days a year: New Year’s newspaper advertisement (1997)



8—Yamato Transport Corporate Philosophy booklet (1995)



9—Koji Miyauchi, President of Yamato Transport (1995)



10—Drivers in uniform (1927)

tom-up communication, and a space where everyone could freely and frankly express their views and open each other's eyes. Reading articles in the bulletin about remarkable activities of employees whom they had never met, and who worked in other places unfamiliar to them, was a major source of inspiration<sup>11</sup>.

The Core Values are recited in unison each day during morning meetings. It is a shared affirmation, serving as a reminder of the spirit of the Core Values coming back alive, whenever suddenly faced with making a decision—indeed, it is a kind of survival in-

### 3—Shouldering the intention of customers

#### Beliefs of Yasuomi and Masao Ogura

Yasuomi later revealed that one of the Core Values, “We connect our customers’ hearts with every delivery,” has its origins in delivery services provided to department stores. In the eyes of department store customers receiving their shopping items at home, Yamato Transport was the final point of contact with the store. For that reason, Yasuomi kept reminding his employees that they should act like department store staff members when serving shoppers. If they were delivering a bride’s household effects, for example, those items were to be transported in the appropriate manner accordingly.

Masao also always considered the people receiving items. In opening remarks at a party commemorating the 70th anniversary of the company’s founding, after TA-Q-BIN had enjoyed strong growth and a positive reception, Masao said he wanted employees to realize that just one letter of complaint about items not arriving on time carried more weight than any accolade bestowed on them so far.

### 4—We conduct ourselves both professionally and ethically

#### The most important teaching

“Courtesy and discipline first” was introduced as the slogan of the year, alongside Yasuomi’s greeting in the January 1, 1942 edition of *Yamato News*. Yasuomi provided his own insight, touching on the Core Values. Noting that everyone was well aware of the need to conduct themselves ethically by practicing courtesy and discipline, he explained, “Precisely because it is the most important teaching humans should follow, I made a point of including it in the Core Values so it would be observed without fail at all times.”

#### As practiced by employees

In March 1984, a visitor to a hospital was removing his shoes at the entrance when somebody said to him, “Here you are.” Then a pair of slippers was placed before him. It was not a person the

stinct.

One relatively recent initiative was the system of “Satisfaction Points,” launched by Yamato Transport in November 2008. When one employee praises another, both the praised and the praising employees receive points, as well as badges corresponding to the number of points they have attained. Initially launched in the hope that praising one another would lead to a positive spiral, it has been revamped as the “Satisfaction Bank” and is spreading to other group companies<sup>12</sup>.

#### Customer Centric approach

Seeing the customer’s point of view—it is easier said than done. But the belief in it really did turn into action.

It was December 1984. Nagaoka City in Niigata Prefecture was hit by a record-breaking snowstorm. The Nagaoka branch was part of the network for the Ski TA-Q-BIN service launched the year before, but deliveries to ski resorts in Nagano and Niigata Prefectures were delayed by the snow. Despite urgently mobilizing employees from across the country in support, the power of nature was insurmountable<sup>13</sup>. Yamato Transport contacted affected customers using the ski transport service and offered to pay all costs relating to ski hire, even including ski wear purchases, along with an apology.

Concerns about if customers would use the services the following year turned out to be unnecessary. The message had got across—that Yamato Transport went the extra mile. Masao was overjoyed and tremendously reassured that the swift response of employees, as the embodiment of “Service comes first, and profits will follow” had earned the trust of customers, and that employees themselves had recognized how important that was.

visitor knew, or even a hospital employee, but a Yamato Transport Sales Driver who happened to be there delivering a package. Masao would later find out about it since the visitor to the hospital was so impressed he penned a letter.

And in 2005, president of Yamato Transport at the time, Atsushi Yamazaki<sup>14</sup>, received an email from a customer. According to the message, the customer driving in to visit a Yamato Transport sales office was “warmly welcomed with greetings” at his car on arrival. And when he was leaving after dropping off his packages, his car was guided back to the road for his safety with a “Thank you.” The sender of the email expressed his appreciation, noting the “natural greetings and cheerful expressions.” Yamazaki found the praise received for courtesy and discipline shown by employees a source of



11—Oldest existing copy of *Yamato News* (March 1941 edition)



12—Satisfaction Bank’s “satisfaction badges” presented according to points collected



13—Snow vehicle used during heavy snowfall to pick up and deliver parcels at Ishiuchi Ski Resort, Niigata Prefecture (1985)



14—Atsushi Yamazaki, President of Yamato Transport

## Transformation of uniforms worn by the route transport and TA-Q-BIN drivers /office workers

### 1924

Yasuomi Ogura believed that the attitude and clothing of his drivers had an effect on the company's reputation, so in 1924 he introduced a uniform policy that was unprecedented in the trucking industry. The uniform was extremely innovative at the time and drew a lot of public attention for its stylishness. (photo taken in 1979)



### 1955

Yamato Courier and others introduce uniforms for drivers



### 1969

New design to celebrate the 50th anniversary of the company, with a two-tone color scheme for the jacket and trousers to match the vehicles. These uniforms were used at the start of TA-Q-BIN. The photo on the right shows a later change made to the trousers.



### 1977

First uniform for female workers, creating a clean look with ease of movement (replica of summer uniform, photo taken in 2019)



### 1990

New design to celebrate the 70th anniversary of the company, with different male and female uniforms and the inclusion of a knitted vest and jacket for female office workers



### 2000

New (and current) design to celebrate the 80th anniversary of the company, with matching male and female uniforms. The photo on the right shows the Asia region uniform, with different color cap.



joy and pride.

### Compliance initiatives

The launch of the Compliance Committee in 2003 was one element of systematic efforts to entrench professional conduct. Measures such as introducing an internal whistleblowing system gave management direct access to internal risk-related information.

To prevent driving without the necessary qualifications or licenses due to human error, a control system using IC chip-embedded driver's licenses was constructed in 2014, complementing visual confirmation.

Initiatives are underway to truly establish compliance-based management, which remains an important theme today.

## 5 — Keeping appearances and vehicles respectable

### The spirit is passed down

Similar to the value he placed on courtesy and discipline, Yasuomi placed importance on keeping vehicles in good condition and maintaining a neat appearance. As referred to in Chapter 1, Yamato Transport took on transportation of wedding furniture for imperial and upper-class households in the mid-1920s, toward the end of the Taisho era, while improving what the drivers wore and their customer communication skills as part of realizing a high-value-added transportation service. And as mentioned earlier, drivers were made to wear uniforms and hats. Their smart, novel look caught people's attention, and it became an incentive to develop the drivers' motivation.

Yasuomi's meticulous ideas of having the drivers look neat were passed on, and took hold among Sales Drivers even in the TA-

Q-BIN age. In a roundtable discussion among Sales Drivers that appeared in the *Yamato News* in 1976, the theme was keeping their delivery vehicles clean and tidy. Comments included: "An unsteady mind shows through in the vehicle." And: "Just like attire, vehicles are an indication of the state of mind of the people who drive them. Keeping their cars clean is fundamental to the service, and gives a finishing touch to it."

### Uniforms reflecting the customer's perspective

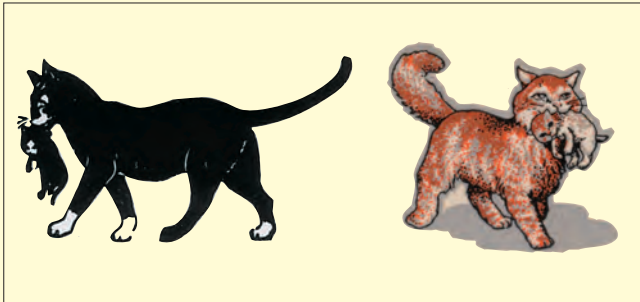
This understanding would not change with time. Uniforms of Yamato Transport Drivers were renewed and redesigned at each milestone with due consideration of how they appeared to customers. In 1969, for example, the colors of their uniforms were selected to be in harmony with their delivery vehicles, making Yamato



Transport Sales Drivers recognizable at first glance. That was when the cat logo on the sleeve was added. In 2000, the same design was adopted for uniforms of both men and women, imparting a sense

of consistency in the service provided to customers, as well as a sense of togetherness. They incorporated functionality, safety during night work, and environmental considerations.

**Did you know?: The story of two cats—a sheet of drawing paper that led to the black cat logo**



1—Yasuomi Ogura empathized with the idea of a cat logo used by American company Allied Van Lines. The logo on the left was used by Market Street Van and Storage, whose president was James Cummins. As vice president of Allied Van Lines in 1948, Cummins acquired the rights to use the logo from Market Street Van and Storage. He changed the design and then registered the new logo on the right.



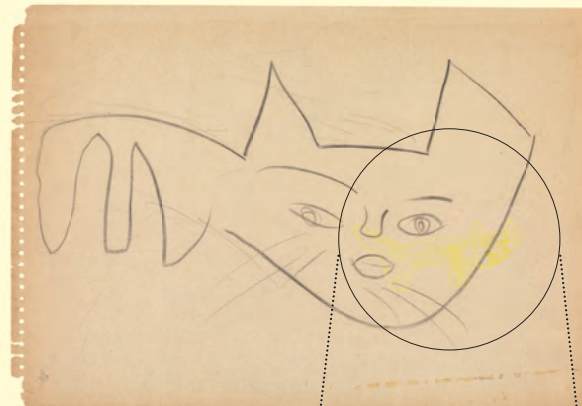
2—Takeshi Shimizu, designer of the Kuro-neko (Black Cat) logo (front right, 1963)



3—Cover of *Yamato News* (January 1967), with photo taken by Takeshi Shimizu, a committed and passionate employee



4—Picture known to be the origin of the new logo (front of drawing paper)



5—Drawing of cat on back of drawing paper, with kitten hanging from the mother's mouth



The idea for the black cat logo emerged when Yasuomi Ogura made an alliance with American firm Allied Van Lines, Inc. in 1957<sup>1</sup>. The logo of a company that made a business out of long-distance transportation featured a mother cat and its kitten. Yasuomi empathized with the conveyed idea of “careful handling” in the logo, and obtained permission to use the design. The job of designing Yamato Transport’s own cat and kitten logo went to editor of the *Yamato News*, Takeshi Shimizu<sup>2,3</sup>. At the time, the Shimizu household kept a black cat named Kuro. Shimizu’s young daughter drew a picture of Kuro on drawing paper with crayons<sup>4</sup>. The pointed ears looked just like the black cat logo to come later, and there were two kittens alongside the mother. Even after the logo was completed, Shimizu kept the picture safe in a drawer at work, not least because it was considered the initial proposal for the black cat logo. In 2016, another cat drawing was discovered on the back of the paper<sup>5</sup>. It also featured a mother and its kitten, but the position of the kitten was different from the one on the front. The mother had the kitten hanging from her mouth, which looks more like the official black cat logo. The catchphrase next to the black cat logo—“For reassurance, leave it to us”—was also penned by Shimizu and became widely known, together with the logo itself<sup>6</sup>.

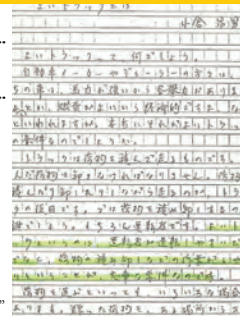


6—Official logo at the time with the catchphrase “For reassurance, leave it to us”

Chapter 7

# The story of framework evolution

Providing a service that satisfied customers was just the beginning. To maintain and improve the quality of services, initiatives were constantly evolved in areas such as employee working environments, development from fresh perspectives, safety considerations, and productivity improvements. Initiatives were led by the wisdom and ingenuity of those in headquarters and on the frontline.



Copy of Masao Ogura's handwritten manuscript of his speech titled "What is a good truck?"

## 1—Untold story behind development of walk-through vehicles

### Finding the best vehicle for TA-Q-BIN

Masao Ogura felt that rather than horsepower, the best vehicle was one that was easy to get into and work from. From the 1970s, he was already thinking about finding the best vehicles for carrying parcels.

After the launch of TA-Q-BIN, as parcel volumes grew, the main vehicles used were 650-kg and 1-ton trucks. As the number of parcels increased, so too did the frequency of loading and unloading parcels, and getting into and out of trucks.

There was an increasing number of Sales Drivers feeling exhausted by the evening just closing the truck's rear-opening doors. So, Masao attempted to reduce their exhaustion by introducing better vehicles designed from the drivers' perspective.

### Launching a project to develop TA-Q-BIN pickup and delivery vehicles

Masao had discussions with automakers about building a prototype vehicle that was easy to work with, enabling drivers to walk inside between the driver's seat and the cargo space in the back of the vehicle without having to exit from the driver's door. Unfortunately, he did not receive his expected response. Around that time, in 1980, employees at the Fukuoka Branch formed the New YPS (Yamato Parcel Service) Vehicle Project Team to develop a dedicated pickup and delivery vehicle that was safe to drive and more efficient to work with<sup>1</sup>.

Using an abandoned vehicle that they dismantled and plywood, they built the first vehicle prototype<sup>2,3</sup>. This provided a big boost to the development of a new vehicle. At headquarters, a team tasked with developing the special-purpose vehicle worked with one automaker that agreed to cooperate regardless of profitability when others would not. In 1981, they completed the first full-scale prototype vehicle<sup>4</sup>. With input from Sales Drivers around Japan, the resulting vehicle was named a "walk-through vehicle."

### Birth and evolution of walk-through vehicles

The first feature of the walk-through vehicle was a sliding door

on the left side for exiting the vehicle<sup>5</sup>. This feature helps prevent accidents with other vehicles when exiting from the driver's door on the right side. The sliding door was also able to be opened and closed with minimum effort. Another feature was the "walk-through" construction after which the vehicle was named. It enabled drivers to walk to and move around in the back of the trucks, directly from their seats, which minimized the frequency of getting into and out of the vehicles. The seats were also made of highly absorbent material, which prevented them from becoming damp if they got wet on rainy days. An antitheft system was also installed. With doors locking automatically when closed, with or without the key in the ignition, people other than the drivers were prevented from opening the vehicles.

After test driving, the walk-through vehicles were added to the list of the automaker's products to be mass produced, and entered full-scale use at Yamato Group from 1982.

Walk-through vehicles have been modified a number of times over the years. The initial change was to improve safety, including a design that made it difficult for children to crawl under and the minimization of blind spots. In 1999, the vehicle underwent a complete redesign. A window dubbed "Cat Window"<sup>6</sup> was installed to provide a view under the vehicle from the driver's seat, a rear-view camera was installed, and the floor of the cargo area was lowered by three centimeters to make it easier to load and unload parcels. In 2007, hybrid walk-through vehicles were adopted and other changes were made as the vehicles kept evolving in line with changing times.



1—Design specifications for vehicle developed by New Y.P.S. Vehicle Project Team at Fukuoka Regional Branch (March 1980)



2—President Masao Ogura inspecting prototype vehicle from the inside



3—Prototype TA-Q-BIN pickup and delivery vehicle made from plywood (March 1980)



4—First walk-through vehicle prototype (August 1981)



5—Sliding door on the left side of the vehicle



6—"Cat Window" installed below the driver's seat

## 2—Reforming packaging materials

### Packaging materials suited to the item being sent

The history of TA-Q-BIN is also the history of the development of packaging materials. From the late 1970s through to the middle of the 1980s, TA-Q-BIN service areas expanded across Japan and packaging materials became more diverse. Many different packaging materials were created simultaneously, offering different materials, sizes, designs and prices in each region. To respond to this situation, the Department of Packaging Materials at headquarters collected and repeatedly investigated samples of those packages to create easy-to-use ways of packaging that enabled users including customers to carry goods safely. This eventually led to the launch of a nation-wide range of packaging materials, with the “Heart Box”<sup>7</sup> in 1979, “Yellow Bag” in 1981, and “Heart Bag” in 1983.

### Packaging materials continue to evolve

Packaging materials were always being improved. Every one or two years, new boxes meeting the necessary standards such as strength, usability, cost and other requirements came out on the market. Nevertheless, more and more improvements were made to achieve even better usability<sup>8</sup>.

In 1980, four years after the launch of TA-Q-BIN, bottle packaging materials were developed after the company received an inquiry about whether TA-Q-BIN could deliver large Japanese sake bottles. The first bottle boxes were simple ones with cushioning material to wrap around a bottle, but the boxes tended to break when they were piled up on top of one another. So, those first boxes were improved quickly after that.

Large Japanese sake bottles are ideally carried in a fixed vertical position because they break when pressure is applied to the sides. Also, while the bottle necks were very resistant to impact, the curved shoulder sections were fragile, so the issue became how to protect that part of the bottle. One solution trialed was to secure the bottles by using expanded polystyrene around the neck and base areas. This became the “Bottle Pack” (subsequently renamed “Japanese Sake Pack”) in 1981.

Later, in 1993, the “Japanese Sake Box” and “Bottle Box” were launched with cardboard used as a cushioning material instead of expanded polystyrene because of environmental concerns. Later again, a number of improvements were made, including making them easy to assemble, and sturdy enough to protect fragile bottles packed inside<sup>9</sup>.

### Developing new materials for packaging

The desire to be able to carry anything at all led to the development of new materials. For example, there were no boxes suitable for sending broken consumer electronics products to the manufacturers for repairs. Consumer electronics can be large appliances with uneven surfaces that make them difficult to secure. For this purpose, Yamato Packing Technology Institute developed new packaging materials in 2007. The film cushioning was named Quick Fit<sup>10</sup>. It is protective-wrapping film highly stretchable, attached inside an outer cardboard box. It is resistant to piercing from sharp objects, and holes do not expand much even if the film is pierced. The elasticity of the film is able to keep consumer electronics securely in place, and as long as sizes are correct, anyone can easily pack their products. Computers, printers, digital cameras and similar products have increased in number as times change, but this new packaging has enabled them to be easily and safely transported.

The production and disposal processes for cardboard and other packaging materials generate a considerable amount of carbon dioxide. To eliminate those emissions, FLIX was developed in 2008 as a returnable packaging material that can be reused multiple times<sup>11</sup>. Taking the idea from a traditional Japanese wrapping cloth, FLIX is a light and soft material that enables highly flexible packing options. Using a pump accessory, air is removed from an item wrapped with FLIX to create a solid package that acts as cushioning. Neco fit is a packing box in which the FLIX wrapping material is attached, and it has become indispensable when transporting computers and printers.

## 3—Initiatives to improve work efficiency and manage quality

### Quality management for next-day delivery

Masao was unsparing in his efforts to improve efficiency in order to ensure accurate and fast delivery of parcels. He gave considerable thought to how he could improve the efficiency of cargo handling, sorting and other work to improve TA-Q-BIN service levels.

In 1981, the Division of Quality Management was split into the Division of Operations Improvement and Division of Work Improvement in order to understand and improve TA-Q-BIN quality. At the time, information systems were not as developed as they are today, so the Division of Operations Improvement was tasked with the efficient collection of information such as where a particular parcel currently was and whether delivery had been completed. Likewise, the Division of Work Improvement was tasked with creat-

ing a framework for actually carrying parcels and with monitoring operational performance. The two divisions worked together to achieve their goals.

The Division of Work Improvement worked on creating a country-wide next-day delivery framework while building a system for checking outcomes. The company’s sales offices were already sorted by branch code. By linking the code number of each sales office with its zip code number, and drawing up its own delivery schedules between terminals, the company became able to get an updated status of operations through the national network, which led to further initiatives to make improvements.

It also created its own service level table to confirm whether next-day delivery had been completed. With departure points on



7—“Heart Box” (March 1979)



8—“Ski Cover” (left, December 1983) and “Basic Golf Bag Cover” (right, April 1984)



9—“Japanese Sake Box” and “Bottle Box” with improved cushioning material of expanded polystyrene and cardboard

the vertical axis and arrival points on the horizontal axis, next-day delivery success rates were recorded and color coded on a grid, which enabled confirmation of service levels at a glance.

Through various such experiments, Yamato Transport was able to clarify issues related to next-day delivery. The three challenges it found were how to quickly establish transport routes, how to reduce time spent at transit points and streamline operations there, and how to develop a pickup and delivery system. Despite it being evident that it would cost an enormous amount of money to address these challenges, Masao already made up his mind, only looking ahead, saying: “It’s fine even if it costs us. Let’s just do it.”

### Merging the tangible, the intangible, and the human

In 1978, the Greater Tokyo Area Sorting Hub in Toda City, Saitama Prefecture, was completed. Masao made the decision to install an automated parcel sorting machine manufactured by Sandvik at this facility<sup>12</sup>. He believed that a system comprises tangible (hardware), intangible (software), and human elements, with the human element being the most important. Humans are the key to drawing out the potential in the tangible and intangible. Installation of the automated sorting machine was based on this belief<sup>13</sup>.

Even before the TA-Q-BIN service was launched, streamlining of cargo handling work was already a major issue. Pallets were mainly used in the route transport business, but over the long hours worked, loads of differently shaped parcels would sometimes collapse due to vibrations while on the road, and resulted in damage to the parcels. To respond to this issue, a unit load system was used as

a trial. Using this system, parcels of different sizes and shapes would be loaded into a regular-shaped unit, with transport and storage managed by the unit. When trialing this system, Masao had the idea of using traditional Japanese wrapping cloths. With wrapping cloths, anything can be easily wrapped, bound and carried. He felt that because everyone in Japan understood this concept, the unit load concept would also succeed.

In 1971, box pallets that combined the functions of both pallets and containers were introduced to help build the unit load system. When first introduced, the box pallets had to be moved by forklift because they weighed as much as 70 kg each, even when empty with nothing inside. However, after sorting out the boxes by destination and ensuring everything was transported by box, it became possible for a single worker to transport cargo, and unloading time was greatly reduced. As a result, they managed to increase the speed and efficiency of operations and by 1974 were also transporting everything between bases using these boxes. On the other hand, roll box pallets (or roll containers), which were box pallets with wheels attached, started being used for department store deliveries from 1971, so when TA-Q-BIN was launched, their use became mainstream<sup>14</sup>. Due to their weight and difficulty of assembling, a new modified type of roll box pallet was introduced in 2000.

These days at Haneda Chronogate, where the latest equipment has been installed, many parcels are automatically sorted without any human contact. All these systems had their foundations in the accumulated inspiration and ingenuity of employees who dared to try new ideas.

## 4—Improving safety

### Safety philosophy

Around 1955, while Masao was temporarily transferred to work at Shizuoka Transport, where due to the frequent industrial accidents, the Labor Standards Inspection Office recommended he visit a model carpenter shop that had few accidents. The advice he got while there was “If you try to achieve both safety and efficiency equally as the highest priority, neither will be achieved.” Coming back from his visit, he developed his “Safety first, sales second” motto, which he put into practice at Shizuoka Transport. This led to a gradual decline in accidents that actually had a positive effect on sales. Even after he returned to Yamato Transport, Masao remained committed to this approach.

### Organization-level initiatives for safety training

Yamato Transport established the Division of Safety in March 1969. With an increase in the number of privately-owned vehicles, there was a sudden increase in traffic accidents around that time. Masao felt that accident prevention was the responsibility of managers. Rather than prioritizing driver education, he felt that manager education should be prioritized and that managers should understand how the drivers went about their daily business. Therefore, he ensured thorough training of transport managers while frequently exchanging information with the General Manager of the Division of Safety, and newly enacting supplementary regulations of the

driving management regulations.

With the whole company working together, one particular positive result was achieved in 1974. During the 10 days of the fall traffic safety campaign, there was not a single accident<sup>15</sup>. Masao explained his feeling in the company’s internal newsletter: “One day, many years from now, I hope that people will be able to point to Kuroneko trucks and say, ‘that’s a zero accident company.’” A safety instructor system was developed that same year, and a safety training center was established at the company the following year. Taking overall responsibility for aptitude tests and training of new drivers, the center led to the establishment of the Central Safety Training Center in 1984.

A newspaper advertisement for Yamato Transport, published at the beginning of 1994, focused on the driver’s nameplate attached to each vehicle. It explained that proudly driving around



12—Automated parcel sorting machine manufactured by Sandvik (circa 1990)



13—Tray-based automated parcel sorting machine (Osaka Regional Branch, 1985)



10—“Quick Fit” film used to secure items (camera) inside box



11—“Neco fit” box using “FLIX” packaging material



14—Roll box pallets (or roll containers) with caster wheels used for department store deliveries



15—Whiteboard showing zero accidents (1974)

with their own name on vehicles was an expression of the determination and responsibility of each driver to ensure safety for people, for the town, and for their cargo.

### Developing the tangible and intangible to achieve safety

As with the system itself, accident prevention also works well through a good combination of tangible, intangible, and human elements. With this in mind, the company also actively developed physical accident prevention measures.

One measure in particular was a popular rear-view camera, called a “Back-Eye Camera,” which was installed in vehicles from 1995. Focusing on the high rate of accidents when reversing, “reversing counters” were also developed the following year to better

understand the situation with a view to reducing the actual number of times a vehicle was reversed. Efforts to visualize transport operations through numbers also led to the installation of the See-T Navi in-vehicle system in 2010. Development of this system, to prevent traffic accidents and support the drivers, started in 2008. It was put into use in 2010, and is now also linked to the NEKO System (see Chapter 8). From 2019, all its vehicles were equipped with drive recorders and digital tachographs, both combined into in-vehicle devices that had communication functionality. This particular initiative accompanied the expansion of the Internet of Things (IoT), where a wide range of equipment connects to the Internet. One principle that remained with the company through the changing times was “safety first,” which contributed to healthy and long-term growth for Yamato Transport<sup>16</sup>.

## 5—Initiatives to improve productivity

### Improved productivity directly affects services

The principle of “Service comes first, and profits will follow” was also maintained throughout the process of service diversification and differentiation for TA-Q-BIN. The company had to figure out how to improve efficiency to ensure service quality did not decline, and employee workload did not increase. This need was behind the launch of the Shorter Working Hours Project.

### Measures to achieve faster deliveries and later pickups

In 1989, labor and management launched a Shorter Working Hours Project at headquarters to conduct a fundamental review of all their initiatives ever taken toward shorter working hours.

To start with, a survey was conducted to understand the current state of affairs, including processing time per parcel, delivery vehicle driving times, and finally the relationship between parcel volumes and working hours. After this research, it was found that Sales Driver’s working hours were a product of parcel volumes and driving distances multiplied by a co-efficient of the customer absence rate and other set regional attributes. Based on these two factors, the total working hours required for each sales office were calculated and the appropriate number of employees for each was decided. Rather than deciding based on the experience and arbitrary guess of the manager at each sales office as before, the number of employees required was decided based on calculations of how many persons were needed to bridge the gap between target working hours and actual working hours.

### Benefits of adopting “Assist System” for pickups and deliveries

In 1990, following a proposal from the Shorter Working Hours Project team, Matsumoto-nishi and other sales offices adopted the “Assist System,” where work required before and after normal Sales Driver’s working hours was handled by part-time assistants. This system achieved improved service quality, while reducing working hours, by meeting customer needs for faster deliveries and later pickups. At the Matsumoto-nishi Sales Office, three years after adopting the Assist System, productivity was increased while

reducing total annual working hours compared to the previous year. While a trade-off is usually expected between shorter working hours and improved service quality, this time both were achieved. The Assist System was later extended right across Japan.

### Various initiatives to increase pickup and delivery efficiency

A range of efforts were made to increase the efficiency of pickup and delivery work. In 1995, Kaoru Seto<sup>17</sup>, who was Osaka Regional Branch Manager at the time, was visiting America when he noticed UPS pickup and delivery vehicles traveling bus-like routes. Following a set timetable and stopping at specific locations, hand-pushed trolleys were used at each location to deliver parcels. Besides enabling them to minimize the number of vehicle starts and stops, this system was effective from safety and efficiency perspectives. Afterward, Yamato Transport also adopted a headquarters-driven “Bus Stop Method,” which was similar to one already trialed since the 1980s at centers and other locations in charge of business districts. Moving into the 2000s, sales offices in various locations trialed new ideas that would continue to grow in later years.

One of those ideas was “Mobile Assist” where a pickup/delivery assistant was paired with a Sales Driver as a team. The assistant receiving a load of parcels from the driver would deliver them in one area using a delivery hand cart. And then, at the last place in the area where the assistant finished the delivery, the assistant would receive another load from the driver, to be delivered in another area with the cart. This process enabled the team to increase the efficiency of delivery.

Around the middle of the 2000s, the Mobile Assist and Bus Stop Method were merged to create “Team Pickup and Delivery” and other efforts<sup>18</sup>. In light of such initiatives, the Division of Group Transformation developed new vehicles that could easily adopt the Bus Stop Method.

Frontline employees of Yamato Group, working at their own discretion, used their ingenuity to proactively implement effective measures. Underlying these efforts was their passion for improving customer satisfaction.



<sup>16</sup>—Yamato Transport’s national safety competition at Suzuka Circuit, Mie Prefecture (2014). With Yamato Group companies competing on safety knowledge and driving skills, this driver contest is held to raise safety awareness among employees.



<sup>17</sup>—Kaoru Seto, as chairman of Yamato Holdings, traveled around work sites to give instruction on improving productivity



<sup>18</sup>—“Team Pickup and Delivery” using “Bus Stop Method” (2013)

Chapter 8

# The story of information systems

“Machines should be things that we humans use, and we should use them effectively without being used by them.” These words by Yasuomi Ogura, at the opening of a computer room in 1969, live on today in information systems development by the Yamato Group. This is the story of development for business efficiency, and its subsequent change to development from the customer’s perspective.



President Masao Ogura launching “NEKO Total System” (1974)

## 1—From the introduction of computers to development of the NEKO System

### Computer introduction: A new dawn

The Yamato Group mechanized various tasks and developed various information systems over the years to streamline its operations and diversify its service offerings.

The first steps were taken from 1960 to 1961, when the operation divisions introduced motor-driven electric typewriters and electric calculators<sup>1</sup>. At the time, these items were a treasured addition to the office equipment.

With a focus on further streamlining and labor-saving measures, Yamato Transport considered introducing computers more capable than accounting machines. On June 1, 1968, when making an official decision to introduce such computers, the company established an office in preparation for the introduction. Without a single computer specialist of its own, it was starting completely from scratch. When opening the computer room in June the following year, Yasuomi commented: “Machines should be things that we humans use, and we should use them effectively without being used by them.”<sup>2-4</sup>

### Birth of the NEKO System (1st Generation NEKO System)

In the mid-1960s, there was a wave of companies in industry going online by connecting computers to networks. Yamato Trans-

port first started considering this for itself in 1970. In the middle of changing direction toward large-volume integrated transportation, the transport industry looked at online systems for their impact on this new direction<sup>5</sup>.

Having become President, Masao Ogura made a decision in March 1972 to spin off a newly established computer division into a separate company. He made a comment saying, “To make computers more available and useful for everyone who needs them, rather than only for some people who can afford them, the newly established computer division should not be shoehorned into the corporate organizational structure, but should be able to work as an independent, separate entity so that the division can give itself an opportunity to shine in its own way.” As a result, January 1973, Yamato System Development (YSD) was born.

The online system, used at the time to calculate freight fares for route transport and rail freight transport, was named “NEKO Total System” (NEKO means “cat” in Japanese)<sup>6</sup> and became the 1st Generation NEKO System. The system consisted of terminals in each sales office connected online with the host computer at Yamato Transport, and keypunch operators at each sales office would input various information from the waybills received from drivers. This system helped achieve more effective use of workers, standard-



1—NCR-33 accounting machine used for payroll accounting (Photo: NCR Japan, Ltd.)



2—President Yasuomi Ogura at opening ceremony for computer room (June 16, 1969)



3—President Yasuomi Ogura and computer room staff, with General Manager Hidetoshi Tsuru, who later became Yamato System Development’s first president, at front left (1969)



4—First HITAC 8210 computer installed at headquarters, fifth floor (1969)



5—Online Research Group (1970)



6—“NEKO Total System” on launch day (February 1, 1974)

ization of administrative tasks, improvement of transport quality, and raising awareness among office staff.

With the birth of TA-Q-BIN in 1976, the way the company's information system worked also changed. At the time, Masao said, "The core of an information processing system is its people. We should not fall into the trap of believing computers are the core." This comment was the natural progression of Yasuomi's original belief that "machines should be things that we humans use."

When TA-Q-BIN was first launched, it used a manual system that did not require computers. Together with special adhesive waybills that also served as parcel labels, "black cat" stickers were used to manage the number of parcels and payments received. Later, a parcel label making machine, called a "Labeler<sup>7</sup>," was used as well but it was only around 1979, when the number of parcels exceeded 10 million per year, that using computers to process parcels became an urgent issue.

## 2—Moving to systems developed from the customer's perspective

### Making it easier for new Sales Drivers (3rd and 4th Generation NEKO Systems)

The 3rd Generation NEKO System was implemented gradually from 1985, bringing driver's terminals outside the sales offices. All Sales Drivers had a portable POS (PP) terminal that they could use to input information with an attached pen-type bar code reader at the customer's front door. Each sales office also had computer workstations with dedicated TA-Q-BIN applications that were linked to the host computer. When the Sales Drivers returned to the sales office, they would connect their PP terminals to the workstation by cable and transfer that data<sup>11,12</sup>.

This third-generation system was the result of a further increase in TA-Q-BIN volumes and diversification to include services like Ski TA-Q-BIN and Golf TA-Q-BIN. The new system achieved more accurate data entry and reduced the workload on office staff. On the other hand, it also highlighted some problems: Sales Drivers made a mistake in handling their PP terminals, they had to wait in line to use the workstation back at the sales office, and so on.

### New developments accompanying the birth of TA-Q-BIN (2nd Generation NEKO System)

The company had to increase the speed of data processing and improve accuracy of data entry, so as time went on, the history of the NEKO System became the history of the pursuit of speed and accuracy. At that point, it focused on bar codes and scanners. With new bar-coded waybills attached to parcels, workers were able to use pen-type bar code reader from the dedicated "NEKO-POS" devices installed at each location to read and enter the waybill numbers. At that time, there were signs of bar codes starting to be used at places like chain stores, but their use in the general transportation business was groundbreaking. The 2nd Generation NEKO System was developed in this way in 1980, with a national TA-Q-BIN online information network completed in 1981 and the system phased in by 1982<sup>8-10</sup>.

The 4th Generation NEKO system was an attempt to improve operability so that anyone, not just young computer-savvy people, could use it with ease<sup>13</sup>. Rather than blaming errors on the users, the development approach was to put that blame on system-side deficiencies. One particular solution was to use IC cards<sup>14</sup>. By recording information on corporate contracted freight fares on these cards, they reduced the workload of data entry for Sales Drivers when picking up parcels, and eliminated mistakes. New PP terminals with easy-to-use touch screens were also introduced. After a period of time when both systems were used together, the new system was fully adopted in April 1993.

### 5th Generation NEKO System designed for the Internet era

Immediately after the 4th Generation NEKO System was launched, Japan experienced the Internet boom. Personal computer use increased and the number of internet users exploded. Yamato Transport launched its Internet-based online Parcel Inquiry System



7—Parcel label maker machine "Labeler" and its label



8—Bar-coded waybill (1980)



9—"NEKO-POS" data input (1980)



10—First message of congratulations sent to commemorate launch of the 2nd Generation NEKO System (1981)



11—3rd Generation NEKO System with pen scanner attached to portable POS (PP) terminal enabled more accurate entry of information at the customer's front door (1990s)



12—3rd Generation NEKO System enabled all Sales Drivers to transfer waybill information from their PP terminals to workstations at their sales office (1990s)

in 1998, and E-mail Notification Service in 2002. In the middle of this upheaval, the system was also updated.

The 5th Generation NEKO System was developed to handle the increasing number of TA-Q-BIN parcels, and to support corporate customers using it in their computer operations<sup>15</sup>. This new system was phased in between 1999 and 2002. It enabled 24-hour online operations and, by rebuilding the Parcel Inquiry System, improved TA-Q-BIN tracking accuracy<sup>16</sup>.

### 6th and 7th Generation NEKO Systems developed from the customer's perspective

NEKO System evolutions 1 through 5 were designed to improve business efficiency, while evolutions 6 and later were developed from the customer's perspective.

Behind the development of the 6th Generation NEKO System, was the shift to an Area Center System when rebuilding the TA-Q-BIN network. An increase in the number of Yamato sales offices made TA-Q-BIN even closer to its customers, with an increase in service quality achieved by paying closer attention to their needs. However, the two or three times per month that systems needed to be updated on workstations became an issue. To respond to this issue, the system was installed on a host server rather than on workstations, which reduced system management costs without having to make any changes to the workstations or communication lines at the centers.

Sales Drivers had to carry around four devices with different functionality—a PP terminal for data input, a printer, a mobile phone for communication, and a card payments terminal. With each device connected by Bluetooth, it was possible to complete tasks without having to deliberately hold terminals together, which reduced the workload for Sales Drivers. Because the mobile phone could be used to access the internet as well, it could function as a means of uploading information from the PP terminals. Leading the industry, this system became known as the Yamato Model. In this way, the new system was launched in 2005 with the ability to take TA-Q-BIN Collect credit card payments at the customer's front door, simplification of the redelivery instruction process by

printing 2D code stickers for attempted delivery notices, and real-time information of delivery status<sup>17</sup>.

Launched in 2010, the 7th Generation NEKO System was thoroughly redeveloped from the customer's perspective, with the intention of getting closer to the customers.

With the change from feature phones to smartphones, delivery-related information became fully digitalized. To accommodate Kuroneko Members services in particular, infrastructure was built to enable PP terminals to be connected in real time to the databases in data centers. This enabled the provision of the Easy Label Issuing Service and Kuroneko Members registration at the customer's front door, and the provision of the TA-Q-BIN Delivery-Time-and-Place specification service. Electronic money was also added to meet the increasingly diverse payment methods used by customers. In an industry first, electronic money from a number of companies was accepted<sup>18</sup>. The PP terminals were also equipped with contactless IC card readers and integrated with card payment terminals. From this new system, it also cooperated with the unique See-T Navi in-vehicle system.

### 8th Generation NEKO System improves customer services and business efficiency

Introduction of the 8th Generation NEKO System started in 2017<sup>19</sup>. Rapid expansion of e-commerce led to an increased workload for Sales Drivers. With the aim of "reforming the pickup and delivery processes," the new system introduced tablets as a major change from the seventh generation. Tablets enabled visualization of electronic maps of residential areas, pickup and delivery status, and pickup and delivery routes, which resulted in more reliable support for customers. Sales Driver's mobile phones supported multiple mobile phone operators. This was due to the experience of the Great East Japan Earthquake of 2011, where there were differences between mobile phone operators in how they recovered communications after the disaster. When the new system is complete, it is expected to enable further improved services and more efficient business operations.



13—4th Generation NEKO System also used pen scanners, while the system helped prevent input errors by Sales Drivers and improve the efficiency of frontline operations (1990s)



14—Three types of IC card for Sales Drivers, customers, and agencies (in order from top) used by the 4th Generation NEKO System. Groundbreaking use of IC cards reduced the previous burden of analogue data entry by both agencies and Sales Drivers



15—B-CAT terminals, integrating software and hardware, launched to improve business efficiency for corporate customers (1996)



16—5th Generation NEKO System with laser scanner attached to PP terminal enabled instant reading of bar codes (2001)



17—Sales Driver accepting credit card payment at customer's front door using 6th Generation NEKO system (2010)



18—7th Generation NEKO System enabled TA-Q-BIN Collect and other payments using electronic money loaded on Kuroneko Members cards



19—8th Generation NEKO System enabled confirmation of pickup and delivery status on tablets



# History of the NEKO System

Sales Driver's portable terminal

Sales office terminal

Development from the company's perspective (improving business efficiency)

Change to development made from the customer's perspective

<p><b>1st Generation</b> (1974)</p>	<p><b>1st Generation NEKO System</b></p> <ul style="list-style-type: none"> <li>Operations centered on route transport and rail freight transport: Online connections were established between terminals at each sales office and the YSD Headquarters host computer. Various systems were also incorporated, including automatic freight fare calculations, parcel tracking and inquiries, and exchanging messages.</li> </ul>	<p>Telex</p> <p>Terminals at sales office</p> 
<p><b>2nd Generation</b> (1980)</p>	<p><b>2nd Generation NEKO System</b></p> <ul style="list-style-type: none"> <li>Building the TA-Q-BIN system: Special bar-coded waybills and dedicated NEKO-POS devices were used. Information was entered three times ("Shipped Out," "Out for Delivery," and "Delivery Attempted"), and the system had the ability to issue error reports. Thanks to this progress, necessary information became available and was used for service level and quality control as well as for responding to inquiries from customers. The national TA-Q-BIN online information network was also completed.</li> </ul>	<p>NEKO-POS</p> 
<p><b>3rd Generation</b> (1985)</p>	<p><b>3rd Generation NEKO System</b></p> <ul style="list-style-type: none"> <li>Data entry at customer's front door: All Sales Drivers had a portable POS (PP) terminal to use with an attached pen scanner to input waybill information when picking up parcels at the customer's front door. The system provided enhanced input functionality for "Shipped Out," "Out for Delivery," and "Delivery Attempted," more comprehensive printing functionality, and simplified methods of overwriting systems accompanied by development of new services and products. It also had the ability to automatically calculate freight fares and search for destination centers. Workstations were installed at each sales office.</li> </ul>	<p>PP terminal</p> <p>Workstation</p> 
<p><b>4th Generation</b> (1993)</p>	<p><b>4th Generation NEKO System</b></p> <ul style="list-style-type: none"> <li>Work completed at customer's front door: New PP terminals with touch screens, and three types of IC card (for Sales Drivers, agencies, and customers) were introduced. The system had the ability to issue receipts, and print destination center labels, at the customer's front door. It also introduced PP stations with the ability to transfer data from 12 PP terminals to the workstation at the same time. It included instant customer-registration system, instant agency-registration system, all-parcels-delivered system, and work-report-storage system.</li> </ul>	<p>PP terminal</p> <p>PP station</p> 
<p><b>5th Generation</b> (1999)</p>	<p><b>5th Generation NEKO System</b></p> <ul style="list-style-type: none"> <li>Open systems and one-handed operation at customer's front door: Data center systems were migrated to UNIX-based real-time systems, with a move to open system design. PP terminals and printers became standalone devices linked by wireless communication. PP terminals also became more compact, lighter and higher capacity, with a laser scanner for reading bar codes. Connection cradles were used when transferring data from PP terminals to workstations.</li> </ul>	<p>PP terminal</p> <p>Printer</p> <p>Cradle</p> 
<p><b>6th Generation</b> (2005)</p>	<p><b>6th Generation NEKO System</b></p> <ul style="list-style-type: none"> <li>Online systems, accepting payments at customer's front door, Bluetooth connectivity: PP terminals, printers, mobile phones, and card payment terminals became standalone devices linked by Bluetooth. Support was provided for cash, credit card, and debit card payments. The redelivery instruction process was simplified by printing 2D code stickers for attempted delivery notices. Data was transferred by automatic upload at the customer's front door via a mobile phone.</li> </ul>	<p>PP terminal</p> <p>Printer</p> <p>Mobile phone</p> <p>Card payment terminal</p> 
<p><b>7th Generation</b> (2010)</p>	<p><b>7th Generation NEKO System</b></p> <ul style="list-style-type: none"> <li>Support for Kuroneko Members, electronic money payments accepted at customer's front door: PP terminals were equipped with contactless IC card readers and integrated with card payment terminals. Support for credit cards, debit cards, and electronic money was provided, with the ability to use electronic money from a number of transport systems. The system was equipped with online communications to achieve real-time information processing. Wireless LANs were used to transfer data to workstations.</li> </ul>	<p>PP terminal</p> <p>Printer</p> <p>Mobile phone</p> 
<p><b>8th Generation</b> (2017)</p>	<p><b>8th Generation NEKO System</b></p> <ul style="list-style-type: none"> <li>Tablet-based visualization, delivery destination database: The system used four portable terminal types (printers, integrated handy scanner and tablets, card payment terminals, and mobile phones). Tablets with PP functionality enabled visualization of electronic maps of residential areas, pickup and delivery status, pickup and delivery routes, and other information. Past delivery information and Kuroneko Members information were digitalized, and a delivery destination database was created.</li> </ul>	<p>Tablet</p> <p>Printer</p> <p>Mobile phone</p> <p>Card payment terminal</p> 

Chapter 9

# The story of caring

The Yamato Group has implemented a wide range of initiatives to meet its social responsibilities as a trusted company in the local community, as a company contributing to improved convenience in our lives, and as a company focused on TA-Q-BIN as an important piece of the social infrastructure. To meet customer expectations and earn their trust, it is active in the areas of community, safety, and environment.



Kuroneko Yamato Environmental Class (also featured in newspaper advertisement, 2008)

## 1—Customer contact

### TA-Q-BIN delivers music

Music TA-Q-BIN is one of Yamato Group’s social contribution programs, created in 1986, and still continuing today, out of a desire to bring real classical music to people all around Japan. It aimed to bring culture to people who had few opportunities to enjoy live performances by full orchestras while relaxing, including people in rural areas and people caring for young children.

The first year of concerts started at the Ishikawa Koseinenkin Hall and then continued on to Hiroshima, Fukuoka and Nagoya with free entry, the concerts were performed by local orchestras<sup>1,2</sup>.

Donations were solicited in the hall lobby areas to raise money to help children who lost parents in traffic accidents. At such venues all around Japan, it was common to see little children dropping coins into the collection boxes<sup>3,4</sup>.

Largely because Music TA-Q-BIN offered an unprecedented range of concerts, there was a degree of confusion during the process to make it happen. The hope was to present real classical music so some of the top musicians and orchestras were asked to perform, but there were concerns about the possibility of children chatting

and crying during the concert. From an operational perspective as well, it was difficult to predict how many people would actually attend because the concerts were free. However, those concerns were swept away on seeing all the happy families on their way home.

Later, the program expanded to include children using their own instruments and playing with the orchestra, and, in 2006, the updated program was given a new name: “Kuroneko Family Concert.”<sup>5,6</sup>

In 2010, a series of “Outreach Performances” were started in schools and community halls as well<sup>7</sup>. Even with the minimum number of instrumentalists, the Yamato Group is able to deliver real classical music experiences. The first performance was given at a small elementary school with a total of 44 students in Hirata Village, located in the Abukuma Highlands in the southeast of Fukushima Prefecture.

Music TA-Q-BIN resulted in the creation of a chorus song called “Ametsuchi-no-uta.” Written by Nozomu Hayashi and composed by Maki Ueda, two well-known artists, it was first performed in 2013. Since then, it has been sung by choirs all around Japan.



1—Performance in Hiroshima, the following year after launch of Music TA-Q-BIN (1987)



2—Brochure of first Music TA-Q-BIN performance (1986)



3—Complimentary plastic sheet given to donors, with picture of Neko Orchestra used as an icon for Music TA-Q-BIN



4—Soliciting donations in the hall lobby area to raise money to help children who lost parents in traffic accidents (2006)



5—Local choir and New Japan Philharmonic together in concert (2013)



6—Children participating in concert with Conductor Norichika Iimori (2018)



7—“Outreach Performance” held at Ogori Special School (2018)

In 2015, a concert was held at Suntory Hall in Tokyo to celebrate the 30th anniversary of the Music TA-Q-BIN initiative. In a special-fun segment of the concert, some participants held the conductor's baton in front of the Tokyo Symphony Orchestra by taking turns, and one of the participants was a lady who had enjoyed a Music TA-Q-BIN concert in Hiroshima when she was a child. Likewise, there were many other families in the audience with parents, who had enjoyed a concert when they were young, now bringing along their own children.

### Children's Traffic Safety Workshops created by front-line workers

Without the public roads that everyone uses, from children to adults, the Yamato Group would not be in business. This is why each sales office has, at its own discretion, participated in activities to watch out for safety of students on the school routes and in Traffic Safety Workshops held at preschools and elementary schools.

And one day, there was an occurrence in a residential area in Hiroshima, which showed the effect of these activities. One Sales Driver was returning to the vehicle after delivering a parcel, and saw two small children waiting there. They said their ball had gone under the vehicle, and asked the driver to get it for them. What stopped them from crawling under the vehicle was that they remembered a Traffic Safety Workshop at their preschool two years earlier, where a Sales Driver told them they should never crawl under a TA-Q-BIN vehicle. Later, the workshop developed into the Children's Traffic Safety Workshop, launched in 1998, as a company-wide social contribution program<sup>8-10</sup>.

## 2—Environmental initiatives

### Necology, Yamato Group's environmental protection activities

In 1991, Yamato Transport established an in-house Global Environmental Committee.

With its first Environmental Report (currently Yamato Group CSR

In addition to daycare centers, preschools and elementary schools, the program was expanded to include special-needs schools in 2007. As of 2019, the workshops had been held more than 30,000 times, with as many as 3.3 million people attending over the years.

### Increasing engagement with children

Yamato Group's social contribution programs expanded in response to changing society and community needs.

One example is the Kuroneko Yamato Environmental Class that was first launched in October 2005, which by March 2019 had reached more than 240,000 participants<sup>11</sup>.

Through this and other activities, the Group was increasing its engagement with children. It exhibited at KidZania Tokyo in 2006, and at KidZania Koshien in 2009, where children experienced different jobs in the community. It offered a program that enabled the children to experience the work that Sales Drivers do, including pickup and delivery using vehicles and delivery handcarts. In addition to TA-Q-BIN pickup and delivery work, they were also taught to follow traffic rules<sup>12</sup>.

From 2006 to 2017, the Business Seminar for Junior High School and High School Students (later called the Yamato Transport Business Seminar for High School Students) was launched to enable students to experience community involvement through work<sup>13</sup>. Then from 2008, it provided support to the Rito Junior High School Baseball Tournament (Rito Koshien), a national baseball competition for junior high school students living on remote islands, with the support including delivery of the players' luggage.

Report) published in 2000, and Statement of Environmental Protection Policy (revised in 2014) and Yamato Transport Global Warming Prevention Targets established in 2003, it has actively engaged in a range of initiatives. In 2012, it coined the term "Necology" for the Yamato Group's environmental protection philosophy<sup>14</sup>, and



8—Kuroneko characters appeared in costumes at Children's Traffic Safety Workshop



9—Children's Traffic Safety Workshop held in Shanghai by Yamato (China) Co., Ltd. and Yamato International Logistics Co., Ltd. (2017)



10—Actual pickup and delivery vehicle used for lessons at Children's Traffic Safety Workshop (2009)



11—Kuroneko Yamato Environmental Class



12—Learning to be Sales Drivers at KidZania Tokyo (2018)



13—Business Seminar for High School Students with Yamato Transport employees across Japan providing mentoring support for business through to the final presentations (2015)



14—"Necology" portal site organized by category: Package, Carry, Deliver, Reduce, Recycle, Communicate, Create, and Think.

shared the philosophy among all Group employees. (“Necology” is a combination of Yamato Group’s “Kuroneko” brand and “ecology”). The Necology philosophy makes three statements. (1) Every employee should always maintain an awareness of environmental protection and apply that awareness to their daily work. (2) They should apply an ecological mindset to every area of business, not just the packaging, transporting and delivering tasks that are essential for logistics. (3) They should always think about, and continue providing, environmentally friendly services so that use of Yamato Group services meets the customers’ environmental protection expectations.

### Evolution of low-emission vehicles

The Yamato Group was ahead of other companies in working on low-emission vehicles as well, including making a trial of them, such as methanol vehicles in 1986<sup>15</sup>, LPG and hybrid vehicles in 1993, CNG vehicles in 1997, hybrid vehicles again in 2002, fuel cell vehicles in 2007.

### Benefits of vehicle-free pickup and delivery

Its first trials of vehicle-free deliveries were in 1983 in Kagoshima. In the prefecture’s busiest shopping district, Tenmonkan, most of the shopping streets were closed off to vehicle traffic from 11:00 a.m. At the beginning, vehicles were parked on nearby streets and delivery handcarts were used to pick up and deliver parcels, all while worrying about traffic violations. This led to the development of “Jinriki TA-Q-BIN carts” (“Jinriki” means “hand-pulled rickshaws”), which could carry more parcels than delivery handcarts and were pulled from the local sales offices so that workers could concentrate on picking up and deliver parcels without being concerned about parking<sup>16</sup>. The carts were built by the employees who normally maintained the Group’s vehicles.

There was also an increase in the number of satellite centers in Tokyo where delivery handcarts were mainly used to pick up and deliver parcels<sup>17</sup>. In 2006, 121 of the 135 centers operating under the Eastern Tokyo Regional Branch stopped using vehicles.

From around 2002, the Group introduced electric bicycles with trailers (new three-wheelers)<sup>18</sup>. Prior to the adoption, some peo-

ple were apparently concerned about their carrying capacity and their efficiency. However, once they started using them, their benefits became obvious because their maneuverability enabled faster pickups and delivers and they enabled much better communication with local customers.

### Modal shift, expanded use

Aiming to dramatically reduce CO<sub>2</sub> emissions, the Yamato Transport switched part of the transportation of its TA-Q-BIN trunk line road network to transportation by rail and ferry from 1987, pioneering a modal shift within the industry. Employing freight containers 30-feet long each for the first time with rail container transport, it was able to secure sufficient transportation capacity. Later, it jointly developed a wing shipping container of the same level, which enabled loading and unloading from both sides. In the 2000s, it also expanded non-truck transportation corridors through initiatives such as an unmanned sailing system over four long-distance ferry routes linking Honshu with Hokkaido, and trials of rail containers, for refrigerated and frozen shipments, with two separate temperature settings on the route between Tokyo and Fukuoka. In 2013, a Necology logo was designed for the rail containers as an expression of Yamato Group’s intention to continue working with customers to develop eco-friendly logistics options<sup>19</sup>.

### Kyoto projects

In Kyoto, a new initiative called the Kyoto projects was launched in May 2011. One of the outcomes of the projects was a joint agreement between the Yamato Group and Keifuku Electric Railroad to use the Randen Lines, which was also popular with tourists and Kyoto’s only tramway, for delivery and pickup of parcels.

Under the agreement, one car of trams leaving the Saiin Station depot was reserved for Yamato Group’s delivery handcarts. When the trams arrived at stations, Sales Drivers standing by there would load the delivery carts, as they were, into three-wheelers for delivery<sup>20</sup>. This project is becoming a new point of interest for people in Kyoto.



15—First low-emission vehicle, running on methanol (1986)



16—Jinriki TA-Q-BIN cart used in Tenmonkan shopping district in Kagoshima (1983)



17—Satellite center mainly using delivery handcarts for parcel pickup and delivery (Ginza 2-chome, Tokyo, 2000)



18—Electric bicycle with trailer used for parcel pickup and delivery (2015)



19—Modal shift to transportation by rail (2014)



20—Randen Lines tram with Kuroneko (Black Cat) logo, and delivery handcarts waiting to be loaded (2012)

Chapter 10

# The story of support

Commitment to the world and to people is part of the DNA of the Yamato Group handed down through the generations. This DNA plays an even greater role in doing daily work even when disaster strikes or difficulties occur in an area. The Group's Corporate Stance, of assisting and advocating for persons with disabilities, is yet another manifestation of that DNA. The Yamato Group is implementing various initiatives to provide support during unprecedented disasters, to work with government in solving regional issues, and to be inclusive of people with disabilities.

Buses on regular routes transporting TA-Q-BIN parcels together with passengers, Miyazaki Prefecture (2017)



## 1—Emergency response

### Requirements during emergencies

In January 1940, a great fire tore through Shizuoka City, burning for more than 13 hours and affecting more than 28,000 people. At the request of the Shizuoka City Office, Yasuomi Ogura put together a reconstruction relief team of 50 trucks. With controls on gasoline, the gasoline supplied to the relief team from the city was a precious commodity but Yasuomi refused to allow it to be used for any purpose other than reconstruction activities. Thirty-five years later in 1975, Masao Ogura, having become President, wrote an article for the internal newsletter. "In the world around us there are always special cases, and situations do occur that were not envisaged when rules were created. [...] So what should decisions be based on then? To me, that should be common sense. [...] Especially during emergency situations, thinking or acting in an appropriate manner is exactly what you would expect of a human society."

What that means is being conscious of one's role in sustaining the social infrastructure, and emphasizing the common-sense judgments of every member of staff. Even as the times change, the Yamato

Group's decisions and actions during emergency situations remain constant.

### History of support for disaster-affected areas

One issue during times of disaster was how to deliver parcels to customers in affected areas. Directly facing a number of disasters over the years, the Yamato Group has implemented its own initiatives to support disaster-affected areas since the 1980s.

One employee and 13 employee family members were lost in the Great Hanshin-Awaji Earthquake of January 1995. Yamato Transport Headquarters immediately established a crisis management team and gathered information after the earthquake. However, without waiting for instructions from headquarters, Yamato Transport employees in the area took action on their own initiative. Assigning themselves specific work such as searching for missing people and assessing damage, the employees sought to overcome the hardships by themselves. About one month later, Yamato Transport was able to open temporary housing it arranged for its employees



1—TA-Q-BIN pickup and delivery vehicle carrying disaster relief supplies after the Great Hanshin-Awaji Earthquake (January 28, 1995)



2—TA-Q-BIN pickup driving through Rikuzentakata City, Iwate Prefecture, which was affected by the Great East Japan Earthquake (2011)



3—TA-Q-BIN pickup and delivery vehicle carrying relief supplies through Minami Sanriku-cho in Miyagi Prefecture after the Great East Japan Earthquake (March 23, 2011, Photo: The Asahi Shimbun Company)



4—Gradual restart of deliveries in the rubble left by the earthquake (2011)



5—Cooperating with the Self-Defense Forces to transport relief supplies after the earthquake: Kesennuma City, Miyagi Prefecture (2011)



6—Employees volunteering after the earthquake (2011)

and their families who lost their homes in the disaster. The company's employees from across Japan also came running to help in volunteer activities on the ground. With this support, the local employees who were disaster victims themselves, walked the disaster-affected areas and compiled lists of where their customers had evacuated to and as a result were able to resume operations<sup>1</sup>.

### Great East Japan Earthquake: Reconstruction support activities

At 2:46 p.m. on the 11th of March 2011, an earthquake occurred in the Pacific Ocean off the coast of Tohoku in Japan. Senior labor and management were in a meeting at the time, but they immediately ended the meeting and put together an earthquake crisis management team, led by Makoto Kigawa, the then President of Yamato Transport, according to the Yamato Transport Headquarters Earthquake Crisis Manual that had been developed four years earlier. In the Tohoku region, the Yamato Group lost a total of five people, including employees, their families and Kuroneko Mate contractors. Nine of its facilities were destroyed and 58 of its vehicles were a total loss. Some people disappeared and some facility damage was recorded in the Kanto region as well. While ensuring safety and checking on the welfare of employees in the disaster-affected areas, the Group started transporting relief supplies. A significant difference from previous disasters was the shortage of gasoline. Securing a fuel supply proved challenging.

In the middle of this, the employees searched for things to do for the disaster-stricken areas and put them into action. Cooperating with local governments and the Self-Defense Forces, when they heard that the evacuation shelters had no food, they obtained rice from farmers and others and cooked rice balls to feed the victims. They also registered as volunteers at government offices and helped sort relief supplies. As logistics professionals, they freely provided their accumulated knowledge and took charge of tasks such as classifying goods, managing inventories, delivery planning, and delivery itself.

It took 10 days for the TA-Q-BIN network to recover. Someone at Iwaki, Fukushima prefecture was heard to say that they were relieved that the parcel delivery people were on the move again, while someone at Shirakawa City in the same prefecture said that their home could not function without the TA-Q-BIN delivery people. At one center, an elderly crippled person came pushing a

trolley by hand. This was before pickup and delivery could restart, so deliveries could only be made at the centers. The Sales Driver pressed his superior for answers, saying, "I'm fed up with this situation!" He could no longer stand the situation where customers had to come to pick up deliveries themselves. He pleaded, "Please let me deliver parcels to customers." It was then that he realized again that he would be able to get a "thank you" from customers by delivering their parcels again<sup>2-7</sup>.

Yamato Holdings made the decision to donate 10 yen per TA-Q-BIN parcel, and set up the "Great East Japan Earthquake Life, Industry Infrastructure Recovery and Rebuilding Relief Fund." In gratitude to people of the area where TA-Q-BIN was nurtured, money raised was used specifically to regenerate the marine products and agricultural industries in the disaster-affected areas and to restore the social infrastructure that supports people living in the communities, including the hospitals and daycare centers. Including donations, a total of 14,274,264,524 yen was raised and provided to 31 projects through the Yamato Welfare Foundation. They included relocation of the Noda Village nursery school in Iwate Prefecture, damaged by the tsunami, to higher ground and reconstruction of it there; construction of a temporary fish market in Minami Sanriku-cho in Miyagi Prefecture; and relocation and reconstruction of the Ono-machi Regional General Hospital in Ono-machi in Fukushima Prefecture<sup>8</sup>.

### Kumamoto Earthquake: Transporting relief supplies

After the Kumamoto Earthquake struck in April 2016, Yamato Transport offered its help to Kumamoto Prefecture, proposing to transport support goods<sup>9</sup>. Immediately after the Great East Japan Earthquake, the company obtained a "list of items sent" from headquarters and a "list of items wanted" from the disaster-affected areas. While checking the lists, it sent company relief supplies to meet the ever-changing needs. Yamato Transport was able to use this experience after the Kumamoto Earthquake.

Unexpectedly, through these disasters, Yamato Transport was reminded that TA-Q-BIN had become a vital service for customers. Quick recovery of business had become a social responsibility. For this reason as well, commitment to the world and to people will always be handed down through the generations.

## 2—Initiatives for inclusiveness

### Engagement with local communities

The various initiatives implemented hand-in-hand with local communities were not led by headquarters. Instead, they started through the independent actions of nationwide branch offices and sales offices.

### Solving regional issues

In 1992, Japan's first trials of the "Takuhaï Bus" service ("Takuhaï" means "home delivery" in Japanese) began in Iwate Prefecture<sup>10</sup>. This service used buses on regular routes to carry some of the TA-Q-BIN parcels. This idea to transport people and goods together was ex-



7—All Yamato Group employees wore an armband in solidarity (2011)



8—Temporary fish market constructed in Minami Sanriku-cho, Miyagi Prefecture, by the Great East Japan Earthquake Life, Industry Infrastructure Recovery, and Rebuilding Relief Fund



9—Delivering to an evacuation shelter after the Kumamoto Earthquake (2016)

tended to Tomakomai City and Hakodate in Hokkaido, which enabled bus companies to improve productivity on unprofitable routes to depopulated areas and enabled the Yamato Group to reduce transport time. In 2010, in another first-ever trial conducted in Japan, the Group transported goods together with passengers using subway lines in Hokkaido.

In Aomori, the Yamato Group started a “Personal Shopper Service.” Launched in 1998 in collaboration with a local supermarket, the service was for people living in rural areas where it was difficult to travel large distances to shop. To ease their burdens, it was a service where shopping items ordered by customers would be delivered to the customers when they need the items. In Iwate in 2009, it also launched a “Watch-over Support Service” for elderly people and others living alone. This was the direct outcome of the strong wishes of a local employee who had direct experience of a customer who died alone without anyone knowing. Conducted in cooperation with the Iwate Prefectural Council of Social Welfare, the service was recognized as a model business by the Ministry of Health, Labour and Welfare. The following year, the Watch-over Support Service and Personal Shopper Service were linked together to create the “Magokoro TA-Q-BIN” service (“Magokoro” means “sincerity” in Japanese) to watch over the elderly and help with shopping in Nishiwaga Town, Iwate Prefecture<sup>11</sup>.

In this way, the Yamato Group started working with others through its business to help solve local issues that the government had difficulty addressing by itself.

### Project G

It was in 2012 that the community-based initiatives launched by the Yamato Group became a full-scale project as “Project G.” With the *G* standing for *government*, the *DAN-TOTSU* Three-Year Plan HOP management plan launched one year earlier had put forward revitalization of local communities in collaboration with local governments as one of its basic strategies. The aims of Project G were to provide lifestyle support for living safely and securely through services including the shopping support and watch-over

support, and to revitalize local economies.

A typical example of the lifestyle support provided was a service combining shopping support and watch-over support, which was launched in Otoyo Town, Kochi Prefecture, in 2012<sup>12</sup>. Located in a mountainous area of Japan, more than half of the residents of Otoyo Town were aged 65 or older. With the social workers also elderly, it was difficult to monitor the health of those residents. Yamato Transport collaborated with the town and the chamber of commerce and industry to offer the service. If residents placed orders with participating stores by telephone or fax by 11:00 a.m., Sales Drivers would deliver the orders by 6:00 p.m., taking the opportunity to check on the customer’s health and filling in a survey form. If anything unusual was identified at this time, the Sales Driver would contact the town office or fire department.

In addition to regional areas, the Yamato Group also worked on issues faced in urban areas. In Tama New Town, a part of Tama City in Tokyo, newly established Neko Support Stations became the hub for efforts to revitalize the local community and provide support for the urban lifestyle<sup>13</sup>.

As of the end of March 2019, it had extended its service, which transported TA-Q-BIN parcels together with passengers by using unused space in buses and trains, to 14 prefectures around Japan. Using its experience during the Great East Japan Earthquake as well, it has signed a series of disaster agreements with governments around Japan to store, sort, and transport relief supplies.

As part of efforts to revitalize local economies, Yamato Transport also started initiatives to help expand sales channels for local specialty products. One example of this was the “A! Premium” service<sup>14</sup>. Entering a partnership agreement with Aomori Prefecture, Yamato Transport delivered apples, scallops and other agricultural, forestry, and fisheries products, via its Okinawa International Logistics Hub, to destinations throughout Asia. With the fastest option being next-day delivery, this enabled products to maintain their freshness. First trialed in 2014, the service expanded and by the end of 2016 had more than 100 participating companies. Another important service for foreign tourists to Japan was the Hands-Free



10—Trials of the “Takuhaï Bus” service in Iwate Prefecture, with parcels loaded in the back of the bus (1992)



11—“Magokoro TA-Q-BIN” service delivering parcels to elderly residents living alone in Nishiwaga Town, Iwate Prefecture (2010)



12—“Personal Shopper Service” in Otoyo Town, Kochi Prefecture (2013)



13—Greenade Nagayama branch of Neko Support Station, a local community base supporting the well-being of local residents, using management resources of the Yamato Group



14—Employee (left) listening to market needs, as part of “A! Premium” service initiative (2015)



15—Opening ceremony for first Swan Bakery store (Ginza), with (from back left) President Keiji Aritomi from Yamato Transport, Chairman Masao Ogura from Yamato Welfare Foundation, and President Takaki from Takaki Bakery (1998)

Travel service. Offering luggage storage and delivery to hotels, this tourism support service was launched in each region across Japan.

Some of the services launched under the Project G initiative have already been terminated after meeting a certain number of community contribution goals. However, many of the projects conducted were able to achieve both financial value and social value for the company while helping to address issues for customers. These were CSV (creating shared value) initiatives that improved the company's own economic competitiveness while helping solve social issues. Japan is currently facing the social issues of a declining birthrate, aging society and depopulation. Going forward however, the Yamato Group will continue contributing to society through its core business by collaborating with local governments and others, and focusing on the Project G initiative to help address these social issues.

### Masao Ogura's thoughts on welfare

One article of the Yamato Group's Corporate Stance includes the statement: "The Yamato Group carries out business activities as a trusted member of the local community and actively supports those who are socially disadvantaged, including those with disabilities." Masao's strong commitment was evident in this statement. He actively employed people with disabilities to his workforce. Having them work alongside able-bodied employees, he felt that they could demonstrate and extend their abilities. Taking on board these thoughts, the Yamato Group created worker-friendly environments to enable persons with disabilities to easily work among many able-bodied workers, and it is currently making good progress in its employment of people with disabilities.

Tasked with supporting the independence of people with disabilities, the Yamato Welfare Foundation was established in September 1993. The capital injection behind the foundation came from Yamato Transport stocks held by Masao, who had taken on the role of advisor after stepping down as chairman. He donated the majority of those stocks. Speaking of his reasons for establishing the Welfare Foundation, Masao said, "There was no special motivation. I just wanted to provide a helping hand to people with disabilities. It all started from those personal thoughts." He also wanted to give something back to the community that took care of him.

The first initiative of the Foundation was to offer non-repayable scholarships of 50,000 yen per month to university students with disabilities. It also provided funds for improving working environments for welfare workshops, which operated without Ministry of Health, Labour and Welfare approvals and without any government subsidies.

### Management reform for welfare

The Yamato Welfare Foundation added a new activity after the Great Hanshin-Awaji Earthquake in 1995. It surveyed welfare workshops affected by the disaster, and Masao himself actually vis-

ited some of the workshops. What he saw was people with disabilities applying themselves to low-paid contracting jobs and recycling work. It was obvious that they were not making profits, and that for many of the people with disabilities, the welfare workshops were being used as daycare centers rather than as a means of earning an income. In fact, monthly wages of only 10,000 yen or less were commonplace. What he did was introduce a management perspective to the workshops so that people with disabilities working there would get paid enough to live independent lives.

Starting in 1996, Masao went on a pilgrimage around Japan, holding free management workshops under the name of Power Up Seminars. The objective of the seminars was to provide management know-how to welfare workshop managers to help them get out of a situation where a monthly wage for each worker was 10,000 yen. At the same time, Masao was fully aware that he was not a welfare professional. He asked welfare professionals to look at each person individually to consider appropriate work, while he devoted himself to providing free management advice.

As a result, the first Swan Bakery store opened in 1998, with people with disabilities working both as bakers and servers there<sup>15,16</sup>. When he learned of a frozen bread dough product sold by Takaki Bakery, Masao realized that this would allow people with disabilities to also bake delicious breads<sup>17</sup>. Appealing for and gaining the company's cooperation, he created a workplace model for economic independence of people with disabilities

### Other activities of the Yamato Welfare Foundation.

In 2004, a facility for people with disabilities started a Kuroneko Mail service delivery business. As Kuroneko Mates, the workers were tasked with delivering Kuroneko Mail (later changed to Kuroneko DM-Bin)<sup>18</sup>. In 2005, the Yamato Jiritsu Center ("Jiritsu" means "self-support" in Japanese) was established, with the Swan Kosha Niiza and Swan Kosha Haneda nonresidential work transition support facilities opening after that.

In 2010, Masao's Power Up Seminars were renamed Power Up Forums, and scaled up to convey the message to as many people as possible. In 2013, the Foundation also launched the Bridge to Dreams Project (*Yume E No Kakehashi Project*) for facilities that wanted to increase wages for their employees with disabilities. After creating their own business reform plans, the facilities would receive funds to put the plan into action. Success stories were then presented at Power Up Forums, which also served to stimulate the next generation. "We should employ people with disabilities not just as manpower, but as valuable members of the workforce." Little by little, this commitment of Masao Ogura is beginning to steadily bear fruit.



16—Swan Bakery employees with disabilities at work



17—Masao Ogura (left) learning how to make bread at Takaki Bakery Training Center (1997)



18—Employee with disability delivering Kuroneko DM-Bin mail (2015)



**Yamato Group Companies and Related Organizations**

<b>Holding company</b>	Yamato Holdings Co., Ltd. (founded in 1919 as Yamato Transport Co., Ltd. (大和運輸))	<b>Overseas</b>	YAMATO UNYU (THAILAND) CO., LTD. (est. 1990)	
<b>Delivery</b>	Yamato Transport Co., Ltd. (est. 2005 as Yamato Spin-off Preparation Co., Ltd.)		YAMATO TRANSPORT (M) SDN. BHD. (est. 1988 in Malaysia)	
	Yamato Global Express Co., Ltd. (est. 2007 as Yamato Express Co., Ltd.)		YAMATO LOGISTICS INDIA PVT. LTD. (est. 2008)	
	Express Network Co., Ltd. (est. 2008)		PT. YAMATO INDONESIA (est. 2013)	
	Okinawa Yamato Transport Co., Ltd. (est. 1985 as Okinawa Unyu K.K.)		YAMATO LOGISTICS VIETNAM COMPANY LIMITED (est. 2015)	
	Yamato Dialog & Media Co., Ltd. (est. 2006)		OTL ASIA SDN.BHD. (100% stake in CKE Transport Agency Sdn. Bhd. acquired in 2017)	
	Yamato Contact Service Co., Ltd. (est. 2003)		OVERLAND TOTAL LOGISTIC SERVICES(M)SDN.BHD. (stake acquired in 2017)	
	Yamato.Staff.Supply.Co., Ltd. (est. 2002)		OVERLAND TOTAL LOGISTICS(THAILAND) CO.,LTD. (stake acquired in 2017)	
<b>BIZ-Logistics</b>	Yamato Logistics Co., Ltd. (est. 2008)		OVERLAND TOTAL LOGISTICS SERVICES VIETNAM JOINT STOCK COMPANY (stake acquired in 2017)	
	Yamato Global Logistics Japan Co., Ltd. (est. 1999 as Yamato UPS International Air Cargo Co., Ltd.)		GUANGXI OVERLAND TOTAL LOGISTICS CO., LTD (100% stake acquired in 2017)	
	Yamato Packing Service Co., Ltd. (100% stake in Chiyoda Packaging Industry Ltd. acquired in 1957)		SHENZHEN OVERLAND SUPPLY CHAIN MANAGEMENT CO., LTD. (100% stake acquired in 2017)	
	Yamato Packing Technology Institute Co., Ltd. (est. 2006)		SHENZHEN SHUN ZHI TONG INTERNATIONAL LOGISTICS CO., LTD. (100% stake acquired in 2017)	
	Konan Industry Co., Ltd. (est. 1963)		YAMATO 365 EXPRESS COMPANY LIMITED. (stake acquired in 2017)	
<b>Home Convenience</b>	Yamato Home Convenience Co., Ltd. (est. 1985 as Yamato Home Service Co., Ltd.)		<b>Related Organizations</b>	PT. YAMATO INDONESIA FORWARDING (est. 2017)
<b>e-Business</b>	Yamato System Development Co., Ltd. (est. 1973)			YAMATO GLOBAL LOGISTICS MYANMAR CO., LTD. (est. 2017)
	Yamato Web Solutions Co., Ltd. (est. 1998 as Yamato Career Service Co., Ltd.)			YAMATO (CHINA) COMPANY LIMITED. (est. 2017)
<b>Financial</b>	Yamato Financial Co., Ltd. (est. 1986 as Yamato Collect Service Co., Ltd.)			YAMATO INVESTMENT (HONG KONG) LIMITED (est. 2017)
	Yamato Lease Co., Ltd. (est. 1977 as Far East Lease Co., Ltd.)			YAMATO (CHINA) TRANSPORT CO., LTD. (stake in Shanghai Bus Logistics Co., Ltd. acquired in 2009)
	Yamato Credit & Finance Co., Ltd. (stake in Fine Credit Co., Ltd. acquired in 2005)			YAMATO INTERNATIONAL LOGISTICS CO., LTD. (est. 2005)
<b>Autoworks</b>	Yamato Autoworks Co., Ltd. (est. 1957 as Yamato Shoji Co., Ltd.)			SHANGHAI WAI GAO QIAO BONDED LOGISTICS ZONE YAMATO WAREHOUSE CO., LTD. (est. 2008)
	Yamato Autoworks Iwate Co., Ltd. (est. 2007)	YAMATO LOGISTICS (HONG KONG) LIMITED (est. 1982 as YAMATO TRANSPORT (HONG KONG) LIMITED)		
	Yamato Autoworks Hokushinetsu Co., Ltd. (est. 2006)	TAIWAN YAMATO INTERNATIONAL LOGISTICS INC. (est. 1984 as Yamato Transport Taiwan Ltd.)		
	Yamato Autoworks Shikoku Co., Ltd. (est. 2008)	YAMATO TRANSPORT U.S.A., INC. (est. 1980)		
	Yamato Autoworks Okinawa Co., Ltd. (est. 2004 as Okinawa Catworks Co., Ltd.)	YAMATO TRANSPORT MEXICO S.A.DE C.V. (est. 2015)		
<b>Other</b>	Box Charter Co., Ltd. (est. 2002 as Kanagawa Green Liner Co., Ltd.)	YAMATO TRANSPORT EUROPE B.V. (est. 1986 as Yamato Transport (Nederland) B.V.)		
	Yamato Box Charter Co., Ltd. (est. 2001 as Saitama Green Liner Co., Ltd.)	The Pension Fund of Yamato Group (est. 1966 as Yamato Unyu Kosei Nenkin Kikin)		
	Yamato Multi Charter Co., Ltd. (100% stake in Kyoto Kamotsu Jidosha Unyu K.K. acquired in 1959)	Yamato Group Health Insurance Society (est. 1958 as Yamato Unyu Kenko Hoken Kumiai)		
	Kobe Yamato Transport Co., Ltd. (100% stake in Taiyo Jidosha Unso K.K. acquired in 1964)	Yamato Welfare Foundation (est. 1993)		
	Yamato Management Service Co., Ltd. (est. 2004)	Yamato Self-Support Center (est. 2005)		
	Swan Co., Ltd. (est. 1998)	Yamato Group Research Institute (est. 2016)		
<b>Overseas</b>	YAMATO ASIA PTE. LTD. (est. 2014)			
	YAMATO TRANSPORT (S) PTE. LTD. (est. 1983 in Singapore)			

\*Parentheses indicate the year of establishment, or the year the entity came under Yamato Holdings control.



**YAMATO HOLDINGS CO., LTD.**