

# Considering Consumer Issues

" Creating lifestyle value with consumers, for consumers "

●Date held: May 23, 2016 ●Venue: Mandom Corporation's Head Office

With the help of Professor Kazuya Kuramoto of the Graduate School of Business, Doshisha University, a seminar and dialogue (i.e. discussion and exchange of opinions) were held on consumer issues, a highly relevant topic, which we report on here.



## Relationship to the CSR Material Issues of the Mandom Group

In December 2015 the Mandom Group established the "CSR Material Issues" (14 items in the initial version) for the first time and began initiatives based on these issues; this event is related to the following four issues.

Relevant CSR Material Issues of the Mandom Group (first edition)	<p>[No.02] <b>Organizational Governance</b> : Promoting corporate philosophy/culture and compliance</p> <p>[No.11] <b>Consumer Issues</b> : Taking responsibility for quality and the health and safety of consumers</p> <p>[No.12] <b>Consumer Issues</b> : Creating new shared values with consumers</p> <p>[No.13] <b>Community Involvement and Development</b> : Detecting and contributing to new social paradigms</p>
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The Mandom Group declared its commitment to the Ten Principles of the UN Global Compact in September 2015. One of the initiatives of the UN Global Compact is a set of global issues and goals with specific targets to achieve by 2030, known as the Sustainable Development Goals (SDGs). Of these 17 goals, consumer issues fall under SDG #12, "Ensure Sustainable Consumption and Production Patterns." This is one topic that the Mandom Group needs to consider from a global perspective.



### Lecturer : Kazuya Kuramoto

- Professor, Graduate School of Business, Doshisha University
- Director, The Society for the Consumers of Kansai
- Head of Kansai Telecasting's Ombuds Kan-Tele Committee
- Lecturer, School of Economics, Kwansei Gakuin University
- Special Advisor, National Consumer Affairs Center of Japan; Committee Member, Conflict Resolution Committee
- Committee Head, Social Responsibility Assessment Committee, Osaka Izumi Co-operative Society

Graduated from Kwansei Gakuin University, School of Law and Politics, Department of Political Science. Worked for 33 years at Mizuno Corporation. Past positions include: General Manager Responsible for Quality Assurance at Mizuno, President of Mizuno Avail Corporation, Director of the Association of Consumer Affairs Professionals (ACAP), successive service as committee member for the Cabinet Office and Ministry of Economy, Trade and Industry, amongst other positions. After working as an associate professor at the Kobe University Graduate School of Business Administration, in 2013 he accepted a position as professor at the Graduate School of Business, Doshisha University.

## Session 1 Learning the Basics

In Session 1, Senior Managing Executive Officer Tatsuyoshi Kitamura was joined by 24 employees from a range of divisions including production, development, sales, and resources, to listen to the lecture by Professor Kazuya Kuramoto.

At the start of the talk, Prof. Kuramoto covered the history of and trends in corporate misconduct among Japanese companies. He explained how so many companies that engage in wrongdoing forget or ignore the true customers that support their business (i.e. consumers), and engage in

repeated indiscretions, citing "business judgment." He went on to explain the history of consumer issues, how companies have typically dealt with consumers, and the principles and approaches that need to be understood when dealing with an issue that has arisen. His explanations included specific actual examples with questions mixed in to stimulate thought, such as, "What would you do if you were faced with such an exigent circumstance?" He boiled down the key points regarding consumer issues today to the following three ideas.

### Consumer Issues Are...

- Moving beyond issues related strictly to the lives of consumers and extending to issues involving market economies and economic systems, regarded inclusively in the expression "from the standpoint of consumers."
- Lifestyle issues and social issues that we aim to resolve based on an awareness that we, too, are consumers.
- Issues discovered through social issues and consumer movements that are rooted in the structure of modern society, in which every person is a consumer.

The latter half of the lecture covered the mission of the corporation, consumer safety, and corporate growth and consumer trust in modern society—based on consumer rights espoused by the global community as well as the legal system, including Japan's Basic Consumer Act and

Misrepresentation Act. The participants reaffirmed the excellence in the tradition of "Japan Quality" and in the spirit of acting in ways that are good for the seller, the buyer, and society, which is the starting point for CSR in Japan.

## Session 2 Discussion

In Session 2, Prof. Kuramoto led a discussion among participants that prompted them to think about consumer issues and the mission of the company from various perspectives. It gave people the chance to talk about any anxieties or concerns they felt in the course of carrying out their job, regarding which Prof. Kuramoto gave his comments and advice.

Through this discussion the participants came to see that we must always make judgments from the viewpoint of the consumer, and that we are consumers ourselves as well as company employees. Many realized how difficult it is, when

faced with exigent circumstances, to make a decision that is required on the spot. They wondered if they would be able to make the right decision. Participants were also reminded of how necessary it is to continually improve our technologies and pursue development so that we can continue to provide safe, high-quality products and services at low cost and raise the triple bottom line (financial, social and environmental). They saw how efforts in that direction help the company to grow and build consumer trust, leading as well to the formation of a sustainable society.



Follow-up Comments After Discussion



Manager, Technical Development Center  
**Hitoshi Misaki**

Working in product development, we feel a great responsibility to create useful products within the larger framework of quality, the environment, and society. Thinking beyond merely legal compliance, we try to keep in mind things like society's many different needs, generating value, efforts that lead to the creation of new markets, and the mutual development of the company and society, as we strive to do what is good for the seller, the buyer, and society in the spirit of KohDoh.



Technical Development Center  
**Megumi Kakito**

Securing profits does not have to be a tradeoff with pursuing quality design to satisfy customers or the larger responsibilities of the company. I was able to see how each can be advanced in balance with the other. As someone working in a division at the heart of product development, it was invigorating to hear especially how it is necessary to balance cost and quality (e.g. functions, safety) using our strengths in technology and development.



CSR Promotion Div.  
**Tsukasa Nishiyama**

In order to learn what is needed to consistently employ KohDoh based on our value of "creating lifestyle value with consumers, for consumers" we enlisted the assistance of Prof. Kuramoto, who we have previously worked alongside in initiatives relating to the Association of Consumer Affairs Professionals (ACAP).

**See Also** ● Association of Consumer Affairs Professionals (ACAP) Official website  
<http://www.acap.or.jp/>

Consumer issues span a wide range of issues, with different positions taken by the supply side (i.e. companies) and demand side (i.e. consumers). Such issues are affected by the economic situation of a country, and are often influenced by differences in viewpoints and ways of thinking based on different lifestyles. It is therefore a difficult topic to address fully, but certain issues are common to all countries and people no matter where they stand—assuring safety, the quest for high quality and low costs, and ensuring sustainable consumption and production. In the discussion, Prof. Kuramoto gave easy-to-understand explanations and comments to participants who asked questions or sought advice, providing good advice based on his own experience. The event helped all participants to gain a deeper understanding of consumer issues. Going forward, we plan to shore up our CSR promotion system with mechanisms for utilizing feedback from customers and for more sensitively picking up on the expectations and needs of a wide range of diverse stakeholders. On behalf of all participants I wish to extend our sincere appreciation for this opportunity.



Head of General Manufacturing and Sales/  
General Manager, CSR Promotion Div.  
**Nobuki Fujiwara**

Mandom has implemented a quality management system (QMS) based on various guidelines for processes ranging from planning to design and development, production, distribution, publicity, sales, and customer support. These guidelines include the Good Quality Practices and Good Vigilance Practices stipulated by Japan's Ministry of Health, Labour and Welfare, and the Good Manufacturing Practices for Cosmetics that have been drawn up as voluntary industry standards. Through the discussion, however, I was made aware once more of the strong importance in all QMS processes to face quality issues from the viewpoint of the consumer at all times and to take quick action. Looking ahead, we will work to improve our QMS, along with improving our individual capabilities and the organizational culture in order to create new shared values with consumers.



Product Assurance Div.  
**Hisashi Kawashima**

The sessions made me ask myself such fundamental questions as "Are we honestly listening to consumers and what they want?" "Are we putting cost first and neglecting safety?" and "Have we lost our self-awareness as consumers?" I learned that consumer issues are not just issues related to consumer lifestyles, but involve various problems that we need to resolve based on an awareness of ourselves as consumers. I felt that consumer issues are truly an important factor in the running of a business.



Manager, Fukusaki Factory  
**Hiroaki Nishimoto**

My work in product quality management involves carrying out inspections based on test specifications and performing process inspections on the production line. My awareness is focused on the products and machinery in front of me, so I rarely think of the consumers who actually purchase the product. I gained a renewed awareness that my judgments tend to be mechanical. I awoke to the fact that I am both an employee in a manufacturing company and a consumer myself, and with this awareness I want to help manufacture safe, high-quality products.



Manager, Product Development Div.  
**Masanori Suganuma**

We know in our heads that when a problem occurs with a product the one who suffers most in the end is the consumer, but oftentimes we still discuss it from the viewpoint of the company. I came to recognize again the need for maintaining a strong determination to make judgments based on the benefits to the consumer and following through on them to the end. I also agree with the thinking that drills are needed to foster better judgment in exigent circumstances. I would like for Mandom to implement such approaches and work to improve our judgment capabilities through in-house education.



Product Development Div.  
**Kirika Otani**

I think it is necessary not only for those who participated in the discussion but for all employees to share the awareness that maintaining our integrity as a guiding principle is the fastest way to improve results—dealing with things earnestly—even if that may seem a roundabout way. Also, I would like us to continue proposing new value by being sincere and stopping at different points during the development process to check in and see if we are objectively taking into consideration the viewpoint of the consumer.

Stakeholder Dialogue Participants

- Professor, Graduate School of Business, Doshisha University  
**Kazuya Kuramoto**
- Mandom Corporation  
**Tatsuyoshi Kitamura** (Director in Charge of CSR Promotion Div./Director, Senior Managing Executive Officer)  
**Koichi Watanabe** (Observer/Executive Officer and General Manager, Fukusaki Factory)  
**Kenji Uchiyama** (Observer/Executive Officer and General Manager, Advertisement & Sales Promotion Div.)  
**Kunio Inoue** (Observer/General Manager, Product Assurance Div.)  
**Nobuki Fujiwara** (Head of General Manufacturing and Sales/General Manager, CSR Promotion Div.)
- Hitoshi Misaki** (Manager, Technical Development Center)  
**Megumi Kakito** (Technical Development Center)  
**Hisashi Kawashima** (Product Assurance Div.)  
**Hiroaki Nishimoto** (Manager, Fukusaki Factory)  
**Gaku Okuda** (Manager, Advertisement & Sales Promotion Div.)  
**Masanori Suganuma** (Manager, Product Development Div.)  
**Kirika Otani** (Product Development Div.)



- Kumiko Hitsumoto** (Manager, No. 2 Marketing Div.)  
**Minoru Yoneda** (Manager, CSR Promotion Div.)  
**Masaki Tsuboi** (CSR Promotion Div.)  
**Tsukasa Nishiyama** (Facilitator/CSR Promotion Div.)



On Corporate Action and Consumers

Professor, The Graduate School of Business, Doshisha University  
**Kazuya Kuramoto**

In recent years we have been witness to a number of cases of corporate misconduct among major firms that have ultimately threatened the continued existence of those firms. Many causes can be identified, but in general they fall into two categories. The first cause of problems is the corporate culture. A culture that discourages openness or a system that prevents bad news from reaching top management are examples of a corporate culture that has built up over time and that cannot be changed overnight. For such companies to change in any significant way requires a major change of personnel and can be a painful process. Companies that promote openness between superiors and subordinates have a low risk of getting caught in such a vicious cycle. The second cause of problems is taking stakeholders too lightly. Particularly for companies that manufacture consumer products, it is necessary to place the highest importance on consumers. How a company incorporates the opinions of consumers into product development and product improvements reveals its stance toward stakeholders. Problems will always arise in terms of cost. A company must train its personnel and build a system whereby judgments can be made quickly to determine which consumer opinions and requests are unsubstantiated and which are useful to incorporate as quickly as possible. Companies that are able to think about these things and sincerely incorporate them into their operations gain the trust of consumers, and this system of grassroots support leads to the nurturing of consumer citizenship. Positive efforts in this direction include disclosing more information, proactively engaging with consumers and consumer organizations, and contributing to various kinds of consumer education. Last year the Mandom Group pledged its commitment to the UN Global Compact as it continues to engage in activities such as dialogues with stakeholders. I have high expectations for Mandom to be successful in addressing the issues entailed and become a leading Japanese firm in terms of fulfilling its corporate social responsibility.

