

**Rhetorical Strategies of Foreign Executives  
in Revitalizing Japanese Global Enterprise**

by

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## **Abstract**

Carlos Ghosn and Sir Howard Stringer are the first foreign top executives of Japanese global enterprises: Nissan and Sony respectively. They became CEO in the time of crisis. Nissan was almost on sale, otherwise perishing, and Sony was facing a huge deficit and a threat of emerging competitors. This paper explores rhetorical strategies of Ghosn and Stringer by analyzing their discourses. Rhetoric always involves persuasion and conviction. Rhetoric discourses move people toward certain actions to take. The main interest of this thesis is how Ghosn and Stringer attempted to motivate and move the stakeholders, including employees, customers, and shareholders, to the directions they intended in revitalizing the companies.

Based on the findings, this paper suggests a rhetorical discourse model for those who work at Japanese companies as executives. Our analysis of the foreign executives' discourses consequently tells us the essential problems of Japanese business discourse that many Japanese executives often struggle with. This paper suggests a hybrid executive discourse model that could be a strategy for the Japanese executives. We review the studies of executive discourse and Japanese culture in general. Then we analyze discourses of Ghosn and Stringer in terms of linguistic, rhetorical, and business perspectives. Finally, we build a discourse model that would be more appropriate and strategic for the executives of Japanese global enterprises.

Thesis Advisor: Leigh Hafrey, Senior lecturer, MIT Sloan School of Management

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## **CHAPTER 1: INTRODUCTION**

### **1.1 Carlos Ghosn of Nissan and Howard Stringer of Sony**

Carlos Ghosn and Howard Stringer are the first non-Japanese top executives of Japanese global enterprises. Ghosn joined Nissan in 1999 as COO and became CEO the following year. Stringer joined Sony in 1997 and was promoted to Chairman and CEO in 2005. In addition to the fact that they are the first non-Japanese CEOs in those Japanese global companies, they have a common feature: they were both expected to revitalize the enterprises in the time of crisis.

As non-Japanese CEOs, Ghosn and Stringer faced not only business problems but also cultural problems. They were expected to do something the former Japanese CEOs couldn't do: revitalize the companies. Being non-Japanese was somewhat unique but extraordinary to the global enterprises that were facing global economic crises and suffering from their highly competitive, emerging rival companies in the rest of the world.

### **1.2 The Power of Executive Discourse**

One of the most important factors in their successful leadership and management was their communication style. Since companies cannot exist without stakeholders, especially customers, shareholders, and employees, what is communicated and how it is communicated are two keys to making their businesses successful and sustainable.

In particular, the discourse of executives plays a significant role because of the executives' power and responsibility; after all, these are the words of the top managers and leaders. Executives often lead and manage their companies with well-designed speeches and writings. They attract customers with words thorough the media. They persuade the shareholders with their convincing discourse. In this sense, rhetorical discourse is part of the main job of executives.

In the case of Ghosn and Stringer, communication is more than that. First, the primary language in and outside the company is Japanese. It is said that they know some basic expressions in Japanese, but they don't speak Japanese at the level of professional business communication. They have to understand and deal with Japanese ways of doing things along with the Japanese language.

Secondly, they have been expected to save and revive their respective companies during a time of crisis. To do so, they have had to make their own non-Japanese figures familiar to their stakeholders. All had to be done with appropriate and powerful discourse. The more persuasive or convincing their discourse got delivered, the more successful their plans became.

In this sense, rhetorical skills have been essential to their success. Rhetoric here is not something 'mere' or 'ornamental.' Rhetoric, as Aristotle defined it, is "the art of finding available means of persuasion in the given situation." To change or 'revive' their organizations, they had to put their thoughts and ideas into powerful words not only in the context of business but also in the context of Japan and the global network. Their executive discourse worked as the driving force of their management and leadership.

### **1.3 The Goal and Structure of the Paper**

The final goal of this study is to discover and provide useful tools to determine strategic discourse for business executives in global enterprises, by focusing on analyzing the discourse of Ghosn and Stringer in order to explore rhetorical strategies in their speeches, writings, or dialogues toward the Japanese and international stakeholders. What is especially interesting is the way they have assumed leadership in reviving their companies through delivering convincing discourse over the problems of business and culture.

This paper will ask some of the most important questions about global leadership in the

form of business discourse analysis, such as: “How do they tackle organizational and regional cultures?” “What is local and what is global?” or “How do they globalize their companies?” Analyzing the discourse of Ghosn and Stringer will help us understand the core disciplines of management and leadership in global companies. It will also suggest a model or new framework for executive rhetorical discourse.

Following this introductory chapter, we will review discussions of the relevant areas in Chapter 2. We will look at the business situations of Nissan and Sony at the time Ghosn and Stringer became top executives, and we will consider the stakeholders’ general expectations of them. We will also confirm some basic features of Japanese discourse styles and discuss general characteristics of Japanese top management and leadership. This way we will identify the most important aspects to look at in term of the challenges Ghosn and Stringer encountered in management and leadership.

In Chapter 3, we will design our methodology of this study. We draw upon theoretical concepts of rhetorical studies to analyze the persuasive features of discourse produced by Ghosn and Stringer. In terms of business perspectives, we will look at how they talk about their business as CEOs. Thus, we look at the most basic but significant concepts of business, including management, marketing, accounting, finance, and economics found in their discourse. For cultural perspective, we will discuss organizational culture and regional culture in terms of how those cultural traits influence their discourses. The organizational culture of Sony and Nissan, and Japanese culture in general will be considered based on what they say. After reviewing all these perspectives, we finally set up a reframed set of variables for analyses. This will be a frame of rhetorical analysis with some critical concepts inside, that we can call an ‘analytic model.’

Based on the reframed above, we will analyze several discourses of Carlos Ghosn and Howard Stringer in Chapter 4. We will use recent interviews, officially published writings, and transcribed speeches. We will discover the principles of their global discourse through interpreting the findings and results of our analysis, and hopefully we will attempt to develop a model of executive discourse strategy. It will be a synthetic



model of rhetoric, business, and culture, but should be strictly based on the results of our analysis.

Finally in Chapter 5, we summarize the conclusions of our discussions and findings and present some important further discussions.

#### **1.4 Expectations and Limitations**

I have two types of primary readers in mind: Japanese readers who are involved in or willing to get involved in managing and leading Japanese global companies, and also non-Japanese top executives who are related to Japanese global companies in one way or another. The United States and Japan are still leading nations in the world economy, ranked first and second in GDP. However, top executives are still talking about national, cultural differences in economics and politics between countries. This paper helps give them concrete hints and tips for future development.

One significant contribution of this paper is that there are not many studies that focus on real cases of non-Japanese executives reviving Japanese global enterprises from the interdisciplinary points of view of rhetoric, business, and culture. Any executive in the twenty-first century will need to deal with the three perspectives to manage business and lead a company. This paper will present a handy model with global discourse strategies. This paper will articulate how Ghosn and Stringer overcame the crisis and problems of business and culture, such as seeking a common ground, universal values, power of diversity, and so forth.

There are some limitations to this study. First, the data we use for analysis are limited and do not represent all the discourse of Carlos Ghosn and Howard Stringer. There are many more speeches and writings produced by them before and after they became CEOs.

Another limitation is that this type of research is still new, and the proposition can

change very rapidly. Since this is an interdisciplinary study, we can find different approaches in such fields as sociology, cultural studies, communication studies, economics, and business studies.

## **CHAPTER 2: Nissan, Sony, and Executive Discourse**

### **2.1 Introduction to Review**

In this chapter, we will identify some of the most important ideas and issues for our analysis of Ghosn and Stringer's discourse. First, we will look at the situation of Nissan at the time Ghosn joined and became President. We will also do the same work for Sony and Stringer. This will give us general background and context to see how the discourses of Ghosn and Stringer works for organizational change.

Grasping the companies and the two figures in general, we will also consider some well-known issues of Japanese organizational communication, including management, leadership, the responsibilities and the expectations for top executives. Ghosn and Stringer needed to adapt Japanese culture for a smooth transition but they also needed to change the culture of organization to revive their enterprises. Our interest is how they dealt with Japanese organizational culture through discourse.

Finally, we will briefly discuss some frequently suggested frameworks for successful executive business discourse, especially in western culture. This helps us contrast critical differences, if any, of Japanese executive discourse. The concepts of these frameworks can be used as factors of rhetorical discourse. Thus, the frameworks will go along with our analysis of rhetorical strategies.

### **2.2 Nissan in the late 90's and the Appearance of Carlos Ghosn**

Japan was struggling with its slow recovery from the collapse of the bubble economy in the late 80's. In the process, all political, economic, and cultural structures were under question, including business administration, lifetime employment, promotions based on seniority, and so forth. The relationship between politicians and bureaucrats was also suspect. When Ghosn came to Nissan as a savior, Japan was facing serious pressure for change.

On March 27, 1999, it was announced that Carlos Ghosn was going to join Nissan as one of the top executives to rescue the company. After experiencing the lost decade of Japan's financial crisis, Nissan was facing a serious dilemma: go into liquidation or seek a savior from abroad. The management team of Nissan chose the second option, and Ghosn was sent to Nissan from Renault as a leader to revive the company.

Carlos Ghosn was born in Brazil to Lebanese parents. He was educated in France and then worked in France, Brazil, and the United States. He worked for Michelin for eighteen years and was the chief of Michelin's North American operations when he accepted Louis Schweitzer's offer to join Renault. When he thereafter joined Nissan as a delegate of Renault, his initial title at Nissan was Chief Operating Officer.

For Renault, Nissan was geographically the ideal partner. Renault had a big share in the European market whereas Nissan was strong in Asia and Japan. They could therefore expect high synergy. Nissan's engineering, the production system, and quality control were very good while Renault was good at innovation, design, marketing, and so forth. (Ries xiii) Renault CEO Louis Schweitzer did all he could do to make this happen, with his second in command Carlos Ghosn, including persuading Renault shareholders and the French government. In Japan, on the other hand, direct foreign investment was new and rare.

On October 18, 1999, Ghosn presented the Nissan Revival Plan (NRP) that said: (1) Nissan would return to financial stability within a year of the implementation of the NRP; (2) within three years, debt would be reduced by 50%; and (3) also within three years, its operational margin would rise to 4.5% of sales. If these commitments were not fulfilled by those dates, the members of the executive committee, including Ghosn himself, stated they would resign. In fiscal year 2003, Nissan became the most profitable large automotive manufacturer in the world, with an operating profit margin of 11.1%. (Ries xix)

### **2.3 Sony at the Beginning of the 21<sup>st</sup> Century and the Appearance of Stringer**

For many years, Sony had been the leading global enterprise in Consumer Electronics. However, when Howard Stringer became CEO of Sony Corporation in 2005, Sony had experienced several headwinds such as the unstable volatility of the exchange rate, the rise of competitors like Samsung, and the severe effect of the Lehman Shock on the company. In 2004 Nobuyuki Idei, former Chairman, President, and CEO, had announced that the company faced a quarterly loss of about \$1 billion. (Chang 6)

On March 7, 2005, Sony had a press conference and announced that Howard Stringer had been chosen as Chairman and Chief Executive by the board. This was reaffirmed at the shareholders' meeting in June. This press conference revealed much about Sony's situation. Cheaper electronics goods from firms in other Asian countries had been a problem for Sony. Sony was also struggling with keeping its identity as the most innovative leader in the industry. Profit margin had been decreasing more and more since 1997. At the press conference, Stringer said he would carry on the strategic plan created by Chairman Idei and President Ando, denying that Sony was in crisis.

The replacement of a Japanese CEO with a non-Japanese was quite new to Japanese enterprise. Pointing to Sony's position in the global marketplace, Chang explains about the meaning of this change.

Sony has a history of expanding overseas. . . Sony has many overseas production plants in locations worldwide. It has many foreign outside directors on its board. The fact that a foreigner, Howard Stringer, was appointed as Sony's CEO demonstrates the firm's intention to globalize further. It is also legitimate to ask whether Sony is currently globalized enough to deal with a foreign CEO, and whether Stringer truly functions as a CEO, or is merely a temporary CEO whose role is very limited. (Chang 98-99)

This discussion can be applied to Carlos Ghosn as well. It is apparent that one of the

most important expectations Nissan and Sony had for Ghosn and Stringer was business growth through revitalizing the companies. The big problem for Nissan and Sony at that time was the fact that both companies were losing strength in global business and international economics in spite of having made their best efforts to globalize for many years. Ghosn and Stringer were expected to introduce new plans, strategies, approaches, and implementation.

In addition to business growth through revitalization, having Ghosn and Stringer as their representative executives meant something special. Both Ghosn and Stringer were, in a sense, global figures. Ghosn was born in Brazil to Lebanese parents and educated in France. Stringer is British, immigrated to America, and worked for a Japanese company. Both of them have rich experiences in the world of global business. It is very rare for Japanese companies to choose a non-Japanese as their CEO. Therefore, it is not so strange to think that they came to rescue Japan symbolically.

## **2.4 General Features of Japanese Organizational Communication**

Since Ghosn and Stringer need to communicate with Japanese employees and stakeholders in their home base institutions in Japan, the principles of Japanese communication influence the ways they interact with people. We are interested in how they have communicated their thoughts and ideas through discourse to revitalize the companies. Thus, it is helpful to know about Japanese communication in general before we analyze the discourses of Ghosn and Stringer.

There are some frequently discussed features of Japanese communication. First, it is often said that words do not always convey messages because Japanese communications is often context-dependent. People often observe the situation they are in and try to act with appropriate behavior in terms of politeness and manner. Thus, the context or an individual's interpretation of the context has a great impact on what he or she should say. Consequently, words are often omitted, differentiated in choice, or appropriated to show politeness.

Secondly, indirectness and ambiguity are preferred in communication. In many cases, people do not want to make things specific in order to keep flexibility and options for later changes and choices. For example, if you plan to go eat with your business partner and you are asked what you would like to eat, you might say something like “anything would be OK with me” or “I don’t have any preferences in particular” even if you want to eat something special or you have something you don’t feel like eating. This is because you do not want to damage your relationship with the partner by making a ‘bad’ choice from the other person’s perspective. This type of communication often happens in Japanese communication.

Third, seniority and hierarchy still function in Japanese communication. Because of the seniority and hierarchy system, there are many forms of language such as honorific language, modest language, and polite language. The way you use language shows your understanding of the relationship between you and the person you are speaking to.

## **2.5 Research on Executive Discourse**

There are several important models we can use for analysis of executive communication. Since communication is such a broad concept, it is unrealistic to seek a model that explains everything about executive communication. To narrow the idea of executive communication, we will look at some concepts and ideas of communication related to the discourse of executives as follows.

### **2.5.1 M.A.R.C.S. by Frederic Williams**

Frederic Williams provides us a useful chart for executive communication, called “M.A.R.C.S.” (32). He developed this model to “get other persons to want to do what you want them to do” (11). He identifies five basic strategies we can use for the personal motivation of others. They are ‘motives,’ ‘attack,’ ‘respect,’ ‘common ground,’ and ‘sequence,’ as ‘M.A.R.C.S.’

In term of ‘motives,’ he suggests that we find the motives of others and use them that people in general normally respond to. We also appeal to people’s highest motives to move them. What he means by ‘attack’ is that we should attack problems, not people. We should not ‘waste energy on personal hostility’ or ‘make other people feel good,’ but instead focus on the problem itself, not on the people associated with the problem. For ‘respect,’ it is suggested that we show respect for the opinions of others and be friendly. In term of ‘common ground,’ he recommends that we ‘find value bases for common ground.’ For example, we ‘consider shared personal experiences’ or ‘read and adapt to feedback.’ Finally, he suggests that we use persuasive ‘sequence,’ based on what he calls “H3W” explained in his book as follows (28):

Hey!: getting attention

What?: stating what you want

Why?: appealing to the other person’s motives

When?: specifying when you want the action

For our purpose in this paper, these five concepts are useful to see how Ghosn and Stringer motivate employees or stakeholders, attack the problems upfront, show respect in different cultures, find common ground in the cross-cultural environment, and use persuasive sequences to move their people.

### **2.5.2 The Five Core Concerns by Fisher and Shapiro**

Compared to the William’s model, the framework of Fisher and Shapiro focuses more on the negotiation process. The essence of their theory is what they call ‘five core concerns’ in the negotiation process. They explain that core concerns are “human wants that are important to almost everyone in virtually every negotiation” (15). The concerns are ‘appreciation,’ ‘affiliation,’ ‘autonomy,’ ‘status,’ and ‘role.’ The following chart is a duplication of the chart they created in their book (17):



| <b>Core Concerns</b> | <b>The Concern Is Ignored<br/>When . . .</b>                        | <b>The Concern Is Met<br/>When . . .</b>                                  |
|----------------------|---|---|
| <b>Appreciation</b>  | Your thoughts, feelings, or actions are devalued                    | Your thoughts, feelings, and actions are acknowledged as having merit.    |
| <b>Affiliation</b>   | You are treated as an adversary and kept at a distance.             | You are treated as a colleague.   |
| <b>Autonomy</b>      | Your freedom to make decisions is impinged upon.                    | Others respect your freedom to decide important matters                   |
| <b>Status</b>        | Your relative standing is treated as inferior to that of others.    | Your standing where deserved is given full recognition.                   |
| <b>Role</b>          | Your current role and its activities are not personally fulfilling. | You so define your role and its activities that you find them fulfilling. |

As a strategy, those concerns must be met in the process of negotiation. These five concerns are the basis for our emotional responses. Thus, for Ghosn and Stringer, the concerns of employees are treated properly to make them move to where they want them to move.

### **2.5.3 Ideology, Rhetoric, and Metaphor by Amernic and Graig**

Joel Amernic and Russell Graig analyzed CEO discourse from three different perspectives: ideology, rhetoric, and metaphor. They say that “[w]e need to be alert to the sense-making of CEOs as authors of an ideological discourse: they are potential ideology creators for the various audiences they address” (7). The key concepts in ideological analysis are assumption and exclusion. In text analysis, critics often attempt to discover the assumptions that make sentences what they are. They are also interested in what is excluded in the logic of

discourse. This kind of analysis is to look at ideological aspect of discourse.

What Amernic and Graig mean by rhetoric in their book is the technique of argumentation. They are interested in how it is possible for a CEO to address diverse audiences such as shareholders, employers, or government simultaneously with rhetorical features as a device (9). When one needs to speak to a group of diverse audiences, she often chooses some universal topics and comments that are familiar to most of them to avoid unnecessary antipathy. In this sense, this perspective is helpful when we analyze Ghosn and Stringer because they are really speaking to a variety of people.

The third approach they posit in their book is to analyze “metaphorical features of CEO text to identify underlying cognitive influences” (11). Metaphor is, of course, a figure of speech in which we apply words to an object or action to explain what we cannot explain literally. However, depending on what words or phrases we apply to it, the image of the thing we try to explain differs.

#### **2.5.4 Story of Success by Hafrey**

Hafrey’s idea of story and ethics helps us investigate how Ghosn and Stringer use stories to move people toward different beliefs, values, and ethics. A story in one society may not work in another society. A value embedded in a story may be formed differently in another story. Hafrey’s project in his book is to discuss stories of individuals or societies for the possibility of ethical agreement, i.e., a search for the universal story.

For our purpose, we can assume that Ghosn and Stringer have stories in mind for success. Similarly, their Japanese employees have their own stories. The stories, though, have different plots, processes, values, and goals. Thus, Ghosn and Stringer needed to tell stories that are universal to some extent for themselves and for their Japanese employees. Since both Ghosn and Stringer

are multi-cultural with a variety of international experiences, it is very interesting to investigate what kind of story they tell to their stakeholders.

Based on our reviews of the critical concepts and ideas above, we will analyze Ghosn and Stringer discourse in terms of how they deal with business and culture. We will look at the texts closely in terms of the framework of rhetorical analysis and the critical concepts of executive discourse in the following chapter.

## CHAPTER 3: METHODOLOGY

### 3.1 Theoretical Approach

In order to analyze the rhetorical strategies of Ghosn and Stringer as the first non-Japanese CEOs of Japanese global enterprises, we will utilize some major concepts from the discipline of Rhetorical Analysis. There are many definitions of rhetoric; thus, there is still an ongoing argument defining rhetoric. However, rhetoric is fundamentally about discourse and persuasion as Keith and Lundberg explain:

A **discourse** can be any speech, written or spoken, as well as the exchange of symbols or meanings in any context: books, newspapers, pictures, movies, web sites, music, and so on. **Persuasion** occurs when someone convinces you of something; it encompasses the dramatic experience of being moved to rage, tears, or action by a speech, as well as more subtle processes such as being influenced by advertising or political ideology. Rhetoric ties these two concepts together. . . we will define **rhetoric** as *the study of producing discourses and interpreting how, when, and why discourses are persuasive* (4). (bold, italics in the original text)

Since language contains logic in its form, discourse primarily consists of language and logic. Thus, in rhetorical study, we look at the use of language and logic to see how discourse becomes persuasive to the targeted audience.

In classical rhetoric, it is well accepted that there are five canons of rhetoric: invention, disposition, style, memory, and delivery. In the invention stage, you find and select the most important arguments for your discourse by including good examples or supporting ideas. Then you carefully arrange those arguments in the process of disposition. This stage is also called arrangement. Here you design a good flow of speech so that your audience can follow your discourse. After you arrange your arguments in order, you then need to choose your style. You choose appropriate words

and phrases, metaphors, and other kinds of ornament. You may also want to use particular sentence patterns for special effects. In the case of speech, memorizing the speech before delivery is advantageous. Finally, when you deliver the speech, you pay attention to tone or speed with appropriate non-verbal communication behaviors, including gestures, facial expressions, or clothes.

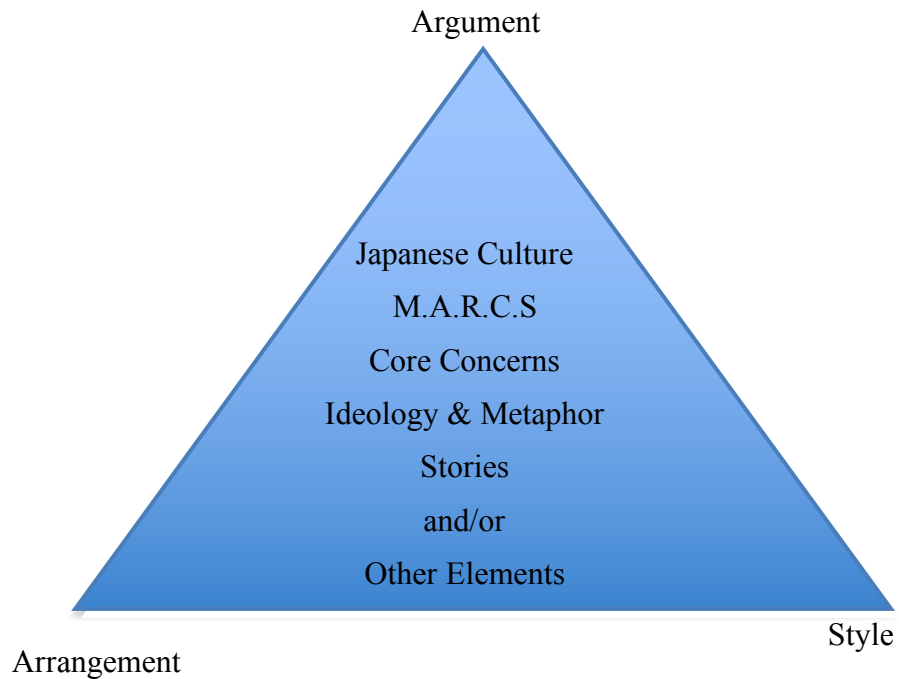
Referring to this classical model, we will especially focus on three components for our analysis: argument, arrangement, and style. Argument is the core of persuasion, though it is often controversial. People usually oppose or support an argument, although, in some cases, they remain neutral. Thus, it is important to analyze what arguments Ghosn and Stringer make in their discourse. Disposition or Arrangement is how the parts of the discourse are organized into an order. This is significant because the order of information needs to be modified to achieve maximum effect, depending on the purpose of discourse, audience, or socio-cultural situations. It must have been very difficult for Ghosn and Stringer to adapt the context of their discourse to lead to desirable results. Third, we also need to look at their style in terms of what sorts of words or phrases they used for what purposes, including metaphoric uses of language.

In addition to the core components above, it is also essential to consider Ghosn and Stringer's audience to fully understand the dynamics of their rhetorical discourse. For both Ghosn and Stringer, there were multiple audiences they needed to appeal to, including colleagues, employees, customers, and shareholders all over the world. Adapting discourse to such a variety of audiences was extremely challenging.

### **3.2 Analytic Structure**

Given the basic rhetorical concepts above, we can now create an analytical framework for this study. We can now embed the concepts discussed in the review of chapter 2 in the frame of rhetorical concepts. We will see in the texts composed by Ghosn and Stringer how those important concepts are realized or formalized in the discourse with the dynamic relationships of argument, arrangement, and style.

Figure 3.1 Analytic Model



The following table shows details of the components.

Table 3.1 Analytic Concepts in Detail

|                  |                            |   |
|------------------|----------------------------|---|
| RHETORIC         | Argument                   | Find strongest arguments  |
|                  | Arrangement                | Find most effective disposition of arguments                                  |
|                  | Style                      | Find most appropriate, effective use of language                              |
| JAPANESE CULTURE | Indirectness and Ambiguity | Recognize words are often not specific or clear                               |
|                  | Politeness and Honorifics  | Recognize politeness and honorifics are reflected in various uses of language |
| M.A.R.C.S        | Motives                    | Find common, universal human motives  |
|                  | Attack                     | Attack the problem, not the person  |
|                  | Respect                    | Respect opinions of others, be friendly                                       |
|                  | Common Ground              | Find common values  |

|                  |                  |   |
|------------------|------------------|---|
|                  | Sequence         | Process: 1) attention, 2) message, 3) motives, and 4) action  |
| CORE CONCERNS    | Appreciation     | Acknowledge thoughts, feelings, and actions                   |
|                  | Affiliation      | Treat as colleague, member                                    |
|                  | Autonomy         | Respect freedom in decision                                   |
|                  | Status           | Provide well-deserved position, standing                      |
|                  | Role             | Defining and fulfilling role and activities                   |
| CEO-SPEAK        | Ideology         | Assumptions and exclusions                                    |
|                  | Metaphor         | Metaphors to explain complex issues                           |
|                  | Rhetoric         | Techniques of argument  |
| STORY OF SUCCESS | Story and Ethics | Culturally oriented stories and articulation of ethical views |

### 3.3 Data

Three discourses by Ghosn and three by Stringer will be analyzed. The first two were made just after they became the top executive in their respective companies. The next two are current messages to stakeholders as of March 2010 that were published on the official Nissan and Sony websites. The last two are from their interviews on a *Charlie Rose* broadcast on PBS affiliates. The following is the list of the discourses:

Ghosn, “We don’t have a choice,” 1999

Stringer, “Sony’s revitalization in the changing CE world,” 2005

Ghosn, “Message to Stakeholders,” 2010

Stringer, “Message to Shareholders,” 2010

Ghosn, Carlos Ghosn, *Charlie Rose*, 2009

Stringer, Sir Howard Stringer, *Charlie Rose*, 2008

I chose these discourses because they should allow us to analyze some particular rhetorical features in different ways. The first two discourses were produced when they landed as CEO and were expected to deliver an innovative discourse for change. These texts were produced in one of the most critical moments for their companies and their own careers. The second texts are current allocutions published for stakeholders and for

the more general global audience. They should represent the current situation and prospects for the future of the respective companies. Finally, the interviews reflect their past, present, and future, including business plans, cultural differences, or political issues. In this way, looking at all three types discourses, we will be able to identify the most distinctive rhetorical features of their discourse.

### **3.4 Tools**

In order to make our analysis balanced in terms of quality and quantity, we will use a text analysis tool as well as qualitative analysis. We will use computer software --- a method generally known as corpus or text concordance --- to analyze the use of words in the texts. For example, we can know what words are most frequently used or how they are used with other words. We often use this method to discover linguistic features such as frequency of particular words, co-relation between words, or images created by special association of words.

For this purpose, I will use *ANTCONC*, free software for analyzing linguistic text and corpus. For example, the software will analyze the frequency of each word. In order to look at how each word is used in combination with other words, the software analyzes collocation or clusters. Below are some screenshots of the software at work:



AntConc 3.2.0m (Macintosh OSX) 2006

File Global Settings Tool Preferences About

Corpus Files  
01\_Ghosn.tx

Concordance Concordance Plot File View Clusters Collocates Word List Keyword List

Hits 0 Total No. of Word Types: 1386 Total No. of Word Tokens: 5625

| Rank | Freq | Word    | Lemma Word Form(s) |
|------|------|---------|--------------------|
| 1    | 251  | the     |                    |
| 2    | 170  | of      |                    |
| 3    | 168  | and     |                    |
| 4    | 159  | to      |                    |
| 5    | 128  | will    |                    |
| 6    | 123  | a       |                    |
| 7    | 122  | in      |                    |
| 8    | 97   | our     |                    |
| 9    | 85   | we      |                    |
| 10   | 69   | Nissan  |                    |
| 11   | 66   | be      |                    |
| 12   | 53   | is      |                    |
| 13   | 49   | percent |                    |
| 14   | 46   | We      |                    |
| 15   | 44   | for     |                    |
| 16   | 44   | that    |                    |
| 17   | 44   | à       |                    |
| 18   | 42   | are     |                    |

Search Term: Word Case Reg: group Advanced

Display Options  
☐ Treat all data as lowercase

Total No. 1  
Files Processed  
Reset

Hit Location  
Search On: 0

Sort by  
Sort by Freq  
☐ Invert Order

Save Window  
Exit

AntConc 3.2.0m (Macintosh OSX) 2006

File Global Settings Tool Preferences About

Corpus Files  
01\_Ghosn.tx

Concordance Concordance Plot File View Clusters Collocates Word List Keyword List

Total No. of Collocate Types: 67 Total No. of Collocate Tokens: 207

| Rank | Freq | Freq(L) | Freq(F) | Collocate |
|------|------|---------|---------|-----------|
| 1    | 69   | 0       | 0       | Nissan    |
| 2    | 15   | 15      | 0       | the       |
| 3    | 15   | 0       | 15      | revival   |
| 4    | 12   | 0       | 12      | s         |
| 5    | 10   | 0       | 10      | has       |
| 6    | 8    | 8       | 0       | of        |
| 7    | 5    | 5       | 0       | à         |
| 8    | 4    | 4       | 0       | to        |
| 9    | 3    | 3       | 0       | The       |
| 10   | 3    | 0       | 3       | is        |
| 11   | 3    | 0       | 3       | group     |
| 12   | 2    | 2       | 0       | Today     |
| 13   | 2    | 2       | 0       | Japan     |
| 14   | 2    | 2       | 0       | inside    |
| 15   | 2    | 2       | 0       | for       |
| 16   | 1    | 1       | 0       | with      |
| 17   | 1    | 0       | 1       | which     |
| 18   | 1    | 1       | 0       | where     |

Search Term: Word Case Reg: Nissan Advanced

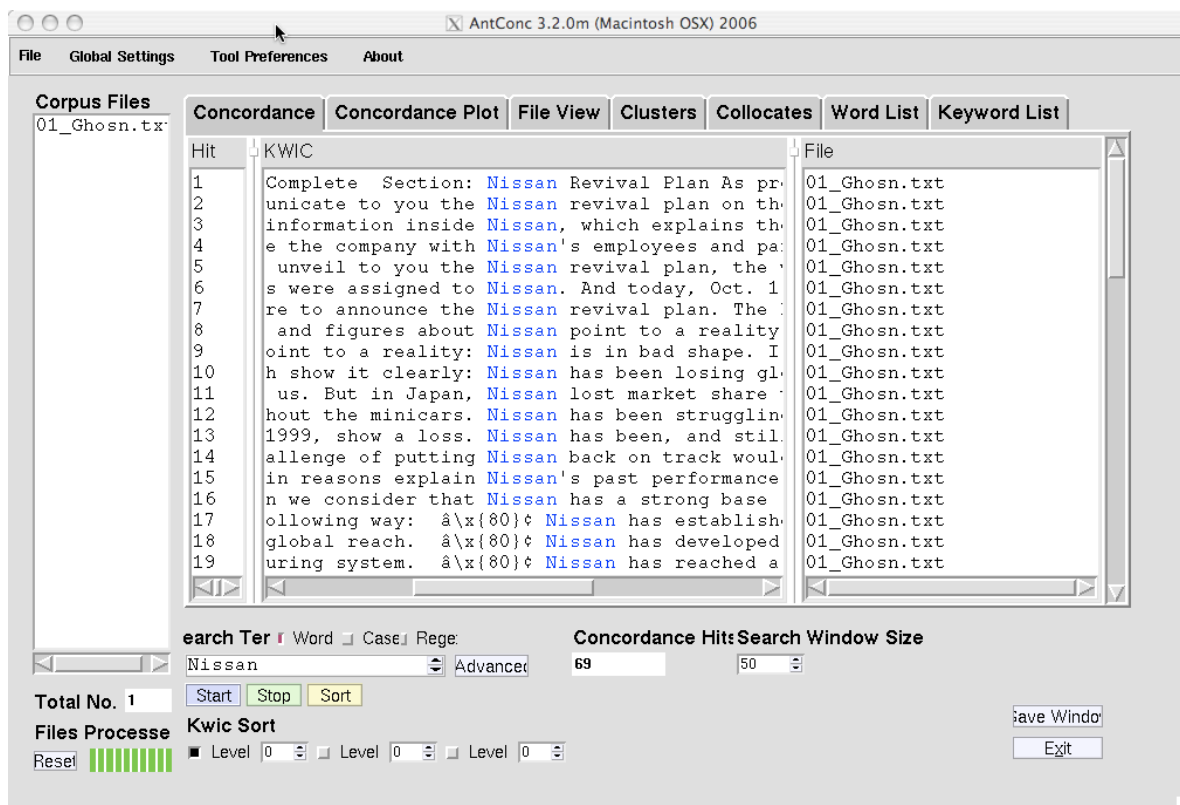
Window Size: Same  
From... 1L To... 1R

Min. Collocate Frequency  
1

Total No. 1  
Files Processed  
Reset

Sort by  
Sort by Freq  
☐ Invert Order

Save Window  
Exit



## CHAPTER 4: ANALYSIS AND DISCUSSION

For our analysis, first we need to look at the linguistic features of the first four texts. We will identify the linguistic features of their discourse by using the text concordance software. This method will assist us in finding the main themes and topics of each discourse, the key words and phrases, and the collocations or clusters of words for the speakers' particular use of language. We will then distinguish the rhetorical discourse features by identifying and analyzing three distinctive factors: argument, arrangement, and style. These factors will be considered with the strategic concepts of executive discourse such as M.A.R.C.S or Core Concerns. Finally we will integrate our findings with the Charlie Rose interviews with Ghosn and Stringer. In the interviews, they reflect and evaluate their own work as CEOs. We will investigate the words they use to describe their thoughts and actions as the CEOs of Japanese Global Enterprise. Their talk on Japan and the Japanese will be a focus for analysis.

### 4.1 Ghosn, "*We don't have a choice*," 1999

Ghosn's "*We don't have a choice*" was delivered in 1999. It was the year Ghosn joined Nissan as COO and started leading the company. There is a total of 5625 word tokens and 1386 word types. Roughly speaking, tokens are the total number of words, and types are the basic forms of words. For example, in terms of the usage of the word 'I,' 'I' is a word type, and the number of times a person uses 'I' represents the tokens of the word 'I' Words can be divided into two groups: functional words and content words. Functional words include prepositions or articles. Content words include nouns, verbs, adjectives, or adverbs. What follows is the list of words most frequently used in this speech:

**Table 4.1**

| No. | Rank | Frequency | Word | No. | Rank | Frequency | Word          |
|-----|------|-----------|------|-----|------|-----------|---------------|
| 1   | 1    | 131       | we   | 19  | 19   | 16        | manufacturing |

|    |    |     |                  |    |    |    |                    |
|----|----|-----|------------------|----|----|----|--------------------|
| 2  | 2  | 113 | our              | 20 | 19 | 16 | time               |
| 3  | 3  | 69  | Nissan           | 21 | 21 | 15 | business           |
| 4  | 4  | 49  | percent          | 22 | 21 | 15 | common             |
| 5  | 5  | 33  | plan (plans, 1)  | 23 | 21 | 15 | global             |
| 6  | 6  | 30  | new              | 24 | 21 | 15 | Japan              |
| 7  | 7  | 24  | one              | 25 | 21 | 15 | reduction          |
| 8  | 8  | 23  | cost (costs, 18) | 26 | 21 | 15 | Renault            |
| 9  | 9  | 22  | today            | 27 | 27 | 14 | increase           |
| 10 | 9  | 22  | you              | 28 | 27 | 14 | reduce             |
| 11 | 11 | 21  | car (cars, 5)    | 29 | 27 | 14 | they               |
| 12 | 11 | 21  | revival          | 30 | 27 | 14 | us                 |
| 13 | 13 | 20  | level            | 31 | 31 | 13 | management         |
| 14 | 13 | 20  | suppliers        | 32 | 31 | 13 | market             |
| 15 | 15 | 19  | purchasing       | 33 | 33 | 13 | yen                |
| 16 | 15 | 19  | sales            | 34 | 34 | 12 | plant (plants, 12) |
| 17 | 17 | 18  | costs (cost, 23) | 35 | 34 | 12 | plants             |
| 18 | 18 | 17  | company          |    |    |    |                    |

What follows this list includes ‘development,’ ‘performance,’ ‘alliance,’ ‘brand,’ ‘capacity,’ ‘future,’ and ‘production’ ranging from 8 to 10 in frequency.

The frequency of the word ‘we’ is 131. Also, ‘our’ is used 113 times. ‘Our’ can be regarded related to ‘we.’ Together they make the total frequency 244. This number shows Ghosn created and emphasized the image of “We Nissan” in the discourse.

It is very interesting to see particular words ranked within the top ten such as ‘percent,’ ‘plan,’ ‘new,’ and ‘cost.’ Moreover, if we do not distinguish between singular and plural forms, then ‘cost’/’costs’ are used 41 times in total, ranked 5<sup>th</sup>, and ‘plant’/’plants’ 24 times, ranked 7<sup>th</sup>.

Thus, the idea of ‘cost’ and the frequent use of ‘percentage’ seem extremely important

to Ghosn in his speech. In fact, the words ‘percent’ and ‘cost’ tell us a lot about Ghosn’s core strategy. ‘Percent’ signifies the mathematical, statistical appeal of his revival plan and ‘cost’ implies reduction of assets. Ghosn uses ‘cost’ and ‘percent’ as many times as he does main words like ‘we’ or ‘Nissan’ along with the words ‘new’ or ‘plan.’

How are those words used in the sentences? We will now investigate association of these key words with other words. Again, ‘Nissan’ is used 69 times in all. There are some patterns in the way the word Nissan is used. First, Nissan is used in the phrase ‘Nissan revival plan.’ This cluster appears sixteen times in total in this speech. The second feature in the use of ‘Nissan’ expresses the current situation of Nissan with negative associations. Below are some examples:

- Nissan is in bad shape
- Nissan has been losing global market share continuously
- Nissan has been struggling with its profitability

However, we soon notice many clusters with positive associations in the latter part of the text:

- Nissan has a strong base for recovery
- Nissan has established a significant international presence
- Nissan has developed a world leading manufacturing system

Interestingly, both the positive and negative associations with the word ‘Nissan’ are all statements of fact. Ghosn looks at the reality in terms of what Nissan has established and what Nissan’s contemporary situation was. He helped the people of Nissan to recover confidence and dignity but also humbly admitted Nissan’s critical situation.

Setting up the context this way, Ghosn uses two other key words: ‘percent’ and ‘cost.’ He uses the word ‘percent’ 49 times, and ‘cost’ and ‘costs’ 41 times. It is interesting to see that Ghosn analyzes almost everything about Nissan’s core business by using

percentage-based standards. The word ‘percent’ is used to explain world market share, total annual of car sales, price difference, developing new platforms, purchasing cost, manufacturing cost, capacity utilization, benefiting productivity, administrative cost, inventory reduction, total employment, and net sales. Ghosn can move between past and future, Nissan and other companies, or Japan and the world in order to discuss Nissan’s situation with specific numbers of percentage. Since the word ‘cost’ or ‘costs’ correlate with ‘percentage,’ the audience can clearly understand what is to be reduced or spent to solve Nissan’s main problem.

It is also significant to recognize that he uses the phrases ‘cost reduction’ 8 times, ‘cost effectiveness’ 4 times, and ‘cost competitiveness’ twice. Also, he uses ‘costs’ in different ways such as ‘reduce costs,’ ‘purchasing costs,’ ‘manufacturing costs,’ ‘fixed costs,’ ‘operating costs,’ ‘lead times and costs,’ ‘administrative costs,’ ‘financial costs,’ ‘social costs,’ and ‘R&D costs.’ It is of course clear that ‘cost’ functions as if it were an adjective whereas ‘costs’ is the targeted noun for modification. The point here is that Ghosn’s discourse clearly identifies a variety of costs for reduction for Nissan to be effective and competitive.

In terms of ‘Japan’ and ‘Japanese,’ we don’t see any particular comments. Ghosn uses ‘Japan’ 15 times but he basically uses the word simply to say ‘in Japan’ at the beginning or end of sentence. He uses ‘Japanese’ 5 times as in ‘Japanese dealer’ or ‘Japanese market.’

## **4.2 Ghosn, “Message to Stakeholders,” 2010**

This text is published on the global Nissan website. It is entitled “CEO Message to Stakeholders.” Ghosn speaks to the public through this media that is very different from the speech we analyzed above. Again, we will concordance this text to find some linguistic features.

There are 1534 word tokens and 583 word types. Compared to the size of the first text

we analyzed, this text is about one-third in size. Below is the list of content word types frequently used in the text:

**Table 4.2**

| No. | Rank | Frequency | Word Type      | No. | Rank | Frequency | Word Type |
|-----|------|-----------|----------------|-----|------|-----------|-----------|
| 1   | 1    | 34        | we             | 14  | 12   | 6         | long      |
| 2   | 2    | 27        | our            | 15  | 12   | 6         | us        |
| 3   | 3    | 16        | nissan         | 16  | 12   | 6         | vehicles  |
| 4   | 4    | 14        | cars (car, 9)  | 17  | 12   | 6         | want      |
| 5   | 5    | 10        | electric       | 18  | 12   | 6         | world     |
| 6   | 5    | 10        | global         | 19  | 19   | 5         | all       |
| 7   | 5    | 10        | term           | 20  | 19   | 5         | economic  |
| 8   | 8    | 9         | car (cars, 14) | 21  | 19   | 5         | efforts   |
| 9   | 9    | 8         | people         | 22  | 19   | 5         | first     |
| 10  | 10   | 7         | future         | 23  | 19   | 5         | make      |
| 11  | 10   | 7         | short          | 24  | 19   | 5         | making    |
| 12  | 12   | 6         | alliance       | 25  | 19   | 5         | Renault   |
| 13  | 12   | 6         | industry       | 26  | 19   | 5         | work      |

Again, we often see the frequency of ‘Nissan,’ ‘we,’ and ‘us.’ However, what follows in the ranking is different. We find such words as ‘cars,’ ‘electric,’ or ‘global.’ In fact, ‘car’ or ‘cars’ are associated with ‘electric’ many times in the text. The phrase ‘electric car’ or ‘electric cars’ appears 6 times in total, and its equivalent expressions such as ‘electric vehicles,’ ‘clean vehicles,’ ‘zero-emission cars’ or ‘green cars’ are also used many times. Thus, clean cars are apparently Nissan’s focus.

The word ‘global’ also appears frequently. However, this word is used in two different ways. One way is to demonstrate that the issues they have are not domestic but global as we see in such phrases as ‘global economy,’ ‘global recession,’ or ‘global crisis.’ Another way he uses ‘global’ in this speech is to express the size of the market such as

‘global population,’ ‘global scale,’ or ‘global platform.’ Thus, the idea of ‘global’ in this speech is used not only as a ‘problem’ but also as an ‘opportunity.’

Given the context above, it is unique that ‘term’ is one of the most frequently used words. Basically the word is associated in two clusters: ‘long term’ or ‘short term.’ Some examples of how ‘term’ is used in sentences include ‘short-term goals and actions,’ ‘long-term strategy,’ ‘short-term work,’ ‘long-term factors,’ ‘short-term benefits,’ ‘long-term holders,’ ‘long-term mission,’ and ‘long-term objectives.’ His rational use of short and long gives the image that his strategy is concrete.

#### **4.3 Rhetorical Analysis of Carlos Ghosn’s Texts**

What we found in the analysis of the frequency, collocation, and cluster of words can be related to Ghosn’s rhetorical strategies in this speech. Our takeaway from the analysis of his first speech is that Ghosn tried to forge a strong bond as NISSAN, to recover the confidence and dignity of employees, to explain Nissan’s problems with numbers and percentage, and to show his vision of success in the future with cost management. In the second text, we found that Ghosn put all the spotlight on clean cars in the context of short-term goals and actions and long-term strategy.

We will now look at the rhetorical features in these texts. His discourse is very transparent with clear directions. At the very beginning of his speech, he breaks the wall of inside and outside of the company, stating to the public that his “communication is addressed simultaneously inside our company” All through the discourse, he uses concrete words and phrases to ensure that his meaning is clear.

His discourse is quite inclusive. He uses a variety of information collected from inside and outside the company, inviting almost everybody to comment on how Nissan is doing. Ghosn said: “I will develop the diagnosis of our current situation from past performance analysis and from the numerous discussions I had across the world inside and outside the company with Nissan's employees and partners, whether they are



suppliers, dealers, shareholders or business partners.” This statement is very important to see the functions of his rhetoric because his arguments are based on such sufficient information.

He treats process very carefully. He shows not only the process of his speech to the audience clearly, but also the process of Nissan’s revival plan in detail. Ghosn tells the audience how he will proceed in the speech and how he will proceed in the revival plan. In this way, the audience experiences double processes simultaneously. This gives the audience an image of Ghosn as a process-oriented person. In fact, process is always important in Japanese culture. Result is secondary.

As we found that he uses lots of numbers with key words such as cost or plant, he constructs his arguments based on facts with numbers, i.e., numerical arguments. We often see that he starts his discourse with statements of facts with numbers and a kind of ratio analysis. Then he brings in his own opinions. Since his opinions are based on statements of facts, he can move on to political statements based on those opinions. By political statements, I mean such statements as “we must” or “we should” sentences.

He often uses cause and effect logic, as well as contrast and comparison logic. These logical patterns are popular in western culture, they are very powerful when they are used with specific numbers and clear relationships between cause and effect or the two compared. We find an apparent example of his logical thinking in his speech as he says, “Understanding the root causes of our current problems in order to act decisively and utilize them as opportunities for purposes.”

He doesn’t forget to respect and appreciate Nissan people and his Japanese audience. More importantly as a rhetorical strategy, he incorporates such respect and appreciation in his statements about motives. Below is a good example of this discourse:

Last and not least, the people in Nissan are proud, technically competent, dedicated and are now motivated to pull the company out of trouble, to make it a

competitive and strong company again in order to establish a balanced relationship with Renault. This obviously would not be the case in an alliance where one of the partners is weaker than the other.

I would like to seize this opportunity offered to me today to thank Hanawa-san and all of Nissan's associates who, during the last six months, extended to me hospitality, open-mindedness, a level of participation, trust and made me feel entirely part of the Nissan team and at home in Japan.

This discourse is delivered positively as he not only appreciates the people of Nissan but also involves them in the dream of revival with the good collaboration of Renault, the company Ghosn came from. Ghosn always looks for common ground for his arguments. He always asks what is important to all of Nissan. He quickly identifies and confirms positive factors, such as good cars, profitability, good salaries, fair promotion, and so forth. These all work as universal, shared motives.

When he needs to talk about something that is not related directly to car production and the organizational system, he uses other authoritative resources. Statements using external resources include “[w]ith the help of a renowned consultant, we identified and quantified our brand deficiency,” “Shiro Nakamura has joined us today as Nissan's head of design,” “The alliance with Renault offers numerous opportunities,” and “We will establish a contract with one main global advertising company in order to support a coherent global brand management and reduce our costs.” We can easily find such high value words as ‘renowned,’ ‘numerous,’ or ‘main.’

Ghosn uses universally accepted ideas to break some old customs. For example, he uses the ideas of ‘best’ and ‘challenge’ throughout his speech. Most people embrace these two concepts. He uses such phrases as ‘world-wide best practices’ or ‘challenge our own standards.’ Similar expressions are found throughout the text. In this context, he introduces the Renault alliance and the creation of new partnerships, rather than keeping established relationships, as their best choice and challenge. He also

emphasizes the importance of efficiency and productivity to cut costs and close some facilities.

Ghosn puts negative sacrifices within the context of positive contribution toward the organizational revitalization. The following is an example:

We have evaluated our vehicle assembly plants based on logistics, environment, potential use of land and relative age. For power train operations, we mainly took into consideration the life cycle of products produced in those shops. The plant closures, however painful they are -- and they really are -- will allow us to significantly increase the productivity and the cost effectiveness of the remaining plants. This will guarantee their future by allowing them to be industry leaders, both in terms of productivity and in terms of cost effectiveness. At the same time, we will take this opportunity to rationalize and simplify our industrial organization, taking advantage of the reduction of the number of Nissan platforms.

It is difficult to posit the closing of plants, since as a result, closing plants may results in employees losing their jobs. Thus, he uses the term 'painful.' But soon thereafter, he shifts toward good results and other effects related to his decision.

Finally, Ghosn sets up one big theme and breaks down his discussions into logical order, making them acceptable to different kinds of stakeholders. Since he often uses numbers, ratio, and common grounds as a basis of his views and opinions, it is difficult for anybody to say that he is wrong. The basis of his argument is universal to most of the people. He constructs those arguments with statements about facts, opinions, and policies inductively and deductively, depending on the argument.

#### **4.4 Stringer, "Sony's revitalization in the changing CE world," 2005**

Howard Stringer's speech delivered at the CEATEC (Combined Exhibitions of Advanced Technologies), Tokyo, 2005 is a very good resource for analysis because it

was made soon after he became Chairman and CEO of Sony. Also, as the title shows, he specifically talks about Sony’s revitalization. There are 4542 word tokens and 1312 word types. The number of word types is almost the same as Ghosn’s first speech, but the length is just a bit shorter, so it is a good comparison in terms of volume.

**Table 4.3**

| No. | Rank | Frequency | Word        | No. | Rank | Frequency | Word          |
|-----|------|-----------|-------------|-----|------|-----------|---------------|
| 1   | 1    | 75        | we          | 20  | 20   | 12        | cell          |
| 2   | 2    | 64        | our         | 21  | 20   | 12        | portable      |
| 3   | 3    | 53        | sony        | 22  | 20   | 12        | walkman       |
| 4   | 4    | 36        | content     | 23  | 23   | 11        | blue          |
| 5   | 5    | 30        | have        | 24  | 23   | 11        | ray           |
| 6   | 6    | 29        | one         | 25  | 23   | 11        | consumer      |
| 7   | 6    | 29        | new         | 26  | 23   | 11        | market        |
| 8   | 8    | 23        | digital     | 27  | 23   | 11        | electronics   |
| 9   | 9    | 22        | high        | 28  | 23   | 11        | unique        |
| 10  | 9    | 22        | products    | 29  | 23   | 11        | including     |
| 11  | 9    | 22        | world       | 30  | 30   | 10        | create        |
| 12  | 12   | 17        | customers   | 31  | 30   | 10        | entertainment |
| 13  | 13   | 16        | all         | 32  | 30   | 10        | film          |
| 14  | 13   | 16        | definition  | 33  | 30   | 10        | industry      |
| 15  | 13   | 16        | technology  | 34  | 30   | 10        | Japan         |
| 16  | 16   | 15        | devices     | 35  | 30   | 10        | number        |
| 17  | 16   | 15        | PlayStation | 36  | 30   | 10        | quality       |
| 18  | 16   | 15        | you         | 37  | 30   | 10        | only          |
| 19  | 19   | 13        | music       |     |      |           |               |

The most numerous words are “Sony” and variations of “we,” including ‘our.’

The most numerous words are ‘Sony’ and the variation of ‘we,’ including ‘our.’

‘Sony’ is used 53 times and the total number of ‘we,’ and ‘our’ is 139. ‘We, Sony’

is a common strategy in Stringer's speech as those words are frequently used in the speech. This is similar to what we saw in Ghosn's speech, where the primary stance was 'We Nissan.'

What is intriguing, though, is the next group of words Stringer uses most frequently: 'content' 36 times, followed by 'new,' 29 times; 'digital,' 23 times; 'high,' 22 times; 'world,' 22 times; and 'products,' 22 times. Thus, the word 'content' is extremely important in order to understand the central idea of revitalization in Stringer's speech. Here are some representative examples how he uses 'content' in sentences:

- marriage of content and technology
- integration of technology, content, and service
- move content to PlayStation Portable
- devices and content of all kinds
- leveraging our content in music, video, and games
- make use of content globally
- content creators / content developers

This clearly shows that Stringer articulates the integration of content with other components as the core strategy for Sony's revitalization.

On the other hand, he uses 'new' to technological propositions such as 'new technology,' 'new Walkman,' 'new generation,' 'new application,' 'new BRAVIA,' 'new devices,' or 'new products,' and of course, 'new Sony.' This means that while Sony is developing new technologies, they are also integrating various kinds of content with such new technologies.

The word 'world' is also important. This word functions differently from the previous words. This word is almost always used as an extreme word such as 'most innovative companies in the world,' 'no one in the world,' 'anytime,

anywhere in the world,’ ‘no matter where in the world,’ or ‘the greatest king in the world.’ What Stringer does with ‘world’ is to demonstrate that Sony is always ‘something special’ in the world or do ‘something new’ to the world.

#### 4.5 Stringer, “Message to Shareholders,” 2010

Stringer’s “Message to Shareholders” is published on Sony’s global website. In this text, there are 2946 word tokens and 937 word types. Below is the list of the most numerous 27 words.

**Table 4.4**

| No. | Rank | Frequency | Word                         | No. | Rank | Frequency | Word                      |
|-----|------|-----------|------------------------------|-----|------|-----------|---------------------------|
| 1   | 1    | 64        | our                          | 15  | 15   | 10        | company                   |
| 2   | 2    | 47        | Sony                         | 16  | 15   | 10        | electronics               |
| 3   | 3    | 39        | we                           | 17  | 15   | 10        | entertainment             |
| 4   | 4    | 20        | products                     | 18  | 18   | 9         | digital                   |
| 5   | 5    | 19        | more                         | 19  | 18   | 9         | fiscal                    |
| 6   | 6    | 17        | new                          | 20  | 18   | 9         | manufacturing             |
| 7   | 7    | 16        | business<br>(businesses, 11) | 21  | 18   | 9         | network                   |
| 8   | 7    | 16        | group (groups 7)             | 22  | 18   | 9         | world                     |
| 9   | 9    | 14        | software                     | 23  | 23   | 8         | consumer<br>(consumers 7) |
| 10  | 10   | 13        | services                     | 24  | 23   | 8         | cost                      |
| 11  | 10   | 13        | year                         | 25  | 23   | 8         | innovation                |
| 12  | 12   | 12        | networked<br>(network, 9)    | 26  | 23   | 8         | music                     |
| 13  | 13   | 11        | Businesses                   | 27  | 23   | 8         | platform                  |
| 14  | 13   | 11        | hardware                     |     |      |           |                           |

At first glance, these words seem to be typical words in ‘business speech,’ such

as ‘product,’ ‘business,’ ‘company,’ ‘service,’ and so forth. However, when we look at how those words are associated with other words, then we find some distinctive features.

First, ‘products’ is used as a set with ‘networked’ as ‘networked products’ phrase 7 times in the text. Interestingly, ‘network’ appears 9 times alone in this text. If we count ‘networked’ and ‘network’ together, the total is 21 times. Thus, the idea of ‘network’ is extremely important in this message.

Secondly, the words ‘business’ and ‘businesses’ are used to identify the structure of business groups, such as ‘music businesses,’ ‘game business,’ ‘electronics businesses,’ ‘core businesses,’ ‘certain businesses,’ ‘new businesses,’ and ‘our businesses.’ This makes sense when we think of the relationship of ‘networked products’ to ‘businesses’ because Stringer emphasizes the importance of content integration.

#### **4.6 Rhetorical Analysis of Howard Stringer’s Texts**

Through the analysis of the two texts delivered by Stringer, we discovered some key words such as ‘content,’ ‘new,’ ‘digital,’ ‘high,’ ‘world,’ in the first text and ‘network’ and ‘businesses’ in the second text. The main idea is integration of content with other components and technologies throughout the businesses.

We will now look at some rhetorical features of his discourse.

Stringer is very eloquent in terms of rich expressions, uses of metaphors, and ways he composes his text uniquely by juxtaposing similar patterns of statement, mixing features of different genres, and applying symbolic figures. In a word, he is telling the story of Sony. It is not a set of arguments. It is not an essay-like speech. It is a story. The story contains poetic features, characters, plot, and a future climax.

At the beginning of the first speech, he starts with a personal experience to let us notice the truth he is expounding. After introducing an episode at a restaurant in Tokyo, he immediately gives some short but sharp statements of truths, such as “dramatic change has become routine,” “change is everywhere in Japan,” “there is change afoot in government,” “change in industry,” and finally, “certainly great change in the works at Sony.” This is a very dramatic way of introducing the changes in Sony to the audience.

Then he situates Sony as a Japanese entity by talking about Japan and the Japanese. In the development of his story-telling-like speech, he promotes Hideki Matsui of the New York Yankees and Sadaharu Oh of the Seattle Mariners, the Japanese icons of baseball, to demonstrate that he is speaking with the spirit of Japan and the Japanese. In this sense, his discourse is adapted to his local audience.

Then he uses two important words to tell the story: “fight” and “champion.” He is a fighter in the story. He is telling a story about champions. Below is part of his speech in term of champions:

Only champions -- integrated products differentiated by hardware and software and ready for entertainment -- can prevail in the fight against price erosion and commoditization. Only champions with unique attributes and identities can raise margins and defeat the downward cycle of low-cost replication. We know something about champion products at Sony. Walkman, Trinitron, PlayStation, Handycam – these are not merely devices. They are revolutionary brands that have changed consumer experiences around the world.

It is interesting that products such as Walkman or PlayStation function as characters of the plot of Sony. He often talks about how those products act in the market and the end-users.

In this story of champions, he introduces the spirit of fight: “I’d like to highlight a few Sony products and a new technology that embodies that fighting spirit.” He goes on in



this mode until the end when he finally states: “[a]nd we reclaim the primacy of our brand and the fighting Sony Spirit of Ibuka-san and Morita-san.” Stringer places himself as inheriting the spirit of Sony and puts that spirit into the form of text with his champion story.

He doesn’t use numbers very much. He only uses the No. 1 records of Sony products and achievements. His discourse is more literary and poetic, rather than business-like.

In the second text, we find a different tone. This is a letter of messages to shareholders. Thus, Stringer sounds more like a business professional than the heroic fighter in the first text. We, therefore, find different rhetorical strategies in this text. He starts with the impact of the global economic crisis on Sony and other industries throughout the world, but he quickly explains how Sony is capable of succeeding even in such a world economic crisis by introducing new products and services. Then he moves on to the restructuring plan of Sony to deal with the challenge of the world economic crisis. He lists what has been done and will be done to be more efficient and competitive.

What I am discussing here is the arrangement of discourse: the world economic crisis has had an enormous negative impact on Sony; but Sony always has been and will be innovative and challenge with new products and services. To keep this string of successes going, however, Sony needs restructuring. This arrangement allows Stringer to argue for some fierce changes in the organization.

In fact, he articulates how he has re-organized Sony’s businesses with the introduction of key persons, stating “[u]nder this strong, new generation of Sony leadership, this reorganization will steer the Sony Group in an even more dynamic and innovative direction while transforming it into a more integrated and nimble global company.” The key idea, as we already found in the initial analysis, is the integration and network of contents and technologies through different businesses. According to Stringer’s words, “our mission is to become a leading global provider of networked consumer electronics, entertainment and services.”

#### **4.7. Management and Leadership in Japan: An Analysis of Interviews**

Charlie Rose interviewed Carlos Ghosn and Howard Stringer on his program: Ghosn on November 18, 2009, and Stringer on October 8, 2008. In these interviews, Rose asked Ghosn and Stringer about their companies, the industries, global economics, revival and revitalization, and management and leadership styles.

For our purpose, it is important to focus on the comments Ghosn and Stringer made on Japan, the Japanese, Japanese culture, management, and leadership, as supplementary information to the conclusions of our previous analysis.

Ghosn said in his interview that his most important factors were trying to find a good diagnosis for the company and positing objective goals people could share. He said he was not Japanese and didn't speak Japanese when he arrived in Japan in 1999. However, he believed that if he could provide a good diagnosis and set up good objective goals then people could share them so he could lead the company toward a revival. When he joined Nissan, "people know what has to be done, but nothing happened," said he. But he was "a perfect outsider" because he was not Japanese and he came from another company. In one sense, then, he applied his 'otherness' to solving the problem.

In terms of the organizational culture and management, he emphasizes two concepts as significant: one is aligning, and the other is clarity. Ghosn tried to align people as much as possible to carry out his plans and be successful. At the same time, he tried hard to be clear in what he was saying and what he was doing by giving reasons for his actions and behavior. Accountability is the key for him. For modern executives, he suggested that the keys are open-mindedness, the ability to be able to function successfully in different culture and the commitment to connecting people.

In Howard Stringer's interview with Charlie Rose, Howard Stringer said that it was easier for him to do things Japanese were reluctant to do because he is not Japanese.

Stringer had to cut some jobs and costs; close some factories and unprofitable businesses; sell some properties; and so forth. Cutting jobs is especially difficult in Japan because laws protect jobs. As a result, he also pointed out he had to be careful stylistically, saying that he “didn’t come in as the all-knowing American with the answer to every problem.” He, of course, had to persuade people they had to do something different.

When Rose asked Stringer about the culture of Sony and of Japan in general, he said that Sony was already a hybrid culture. Many people speak foreign languages and have had experiences in foreign countries. People work hard and long hours, love drinking Sake, and love the company, and he loves them all. However, he also found a transformation happening within the company and the country in term of hierarchy and seniority values within the cultural system of Japan. He has hired younger executives for management and changed the management structure.

#### 4.8 Overall Judgment with Critical Concepts of CEO Discourse

To summarize what has been discussed above, we will compare and contrast the discourse of Ghosn and Stringer in terms of the critical concepts in the table below:

|   | Carlos Ghosn   | Howard Stringer  |
|---|--|--|
| Rhetoric <ul style="list-style-type: none"> <li>•Argument</li> <li>•Arrangement</li> <li>•Style</li> </ul>                | <ul style="list-style-type: none"> <li>•Mathematical principles</li> <li>•Inductive Preferred</li> <li>•Clarity</li> <li>•Cause &amp; Effect based</li> </ul>                        | <ul style="list-style-type: none"> <li>•Poetic and Literary</li> <li>•Arrangement by themes and topics</li> <li>•Variety of expressions</li> </ul>     |
| On Japanese Culture <ul style="list-style-type: none"> <li>•Politeness</li> <li>•Seniority</li> <li>•Hierarchy</li> </ul> | <ul style="list-style-type: none"> <li>•Shows respect, but uses his foreignness to criticize seniority and hierarchy issues</li> <li>•Multi-cultural, global perspectives</li> </ul> | <ul style="list-style-type: none"> <li>•Shows respect; stands on the Japanese side, but uses his foreignness to change organization culture</li> </ul> |
| M.A.R.C.S   | •Gives strong group and  | •Strong Motives that Sony must   |

|   |  |  |
|---|--|--|
| <ul style="list-style-type: none"> <li>•Motives</li> <li>•Attack</li> <li>•Respect</li> <li>•Common Ground</li> <li>•Sequence</li> </ul>                      | <p>individual motives by showing clear goals and possibility of achievement</p> <ul style="list-style-type: none"> <li>•Attacks ONLY the problem, not the people</li> <li>•Show Respects to Stakeholders</li> <li>•Shares common grounds: values, confidence, and dignity</li> <li>•Clarifies sequence of the process for success</li> </ul> | <p>always be No. 1</p> <ul style="list-style-type: none"> <li>•Attack the economic, global crisis as the main problem</li> <li>•Shows respect to Japan, the Japanese, and Sony</li> <li>•Shares Sony's core traditional beliefs and values of challenge and innovative</li> <li>•Clarifies sequence of new product development and restructuring plan</li> </ul> |
| <p>Core Concerns</p> <ul style="list-style-type: none"> <li>•Appreciation</li> <li>•Affiliation</li> <li>•Autonomy</li> <li>•Status</li> <li>•Role</li> </ul> | <ul style="list-style-type: none"> <li>•Appreciation, Affiliation, Autonomy, Status, and Role are all found in Ghosn's discourse, targeted to employees and other stakeholders</li> </ul>  | <ul style="list-style-type: none"> <li>•More targeted to customers in terms of appreciation and affiliation</li> <li>•Give autonomy to individual employee of Sony</li> </ul>  |
| <p>Ideology and Metaphor</p>  | <ul style="list-style-type: none"> <li>•Objective Diagnosis is important</li> <li>•Team-work is essential</li> <li>•Almost no metaphor. Prefers precise language.</li> </ul>   | <ul style="list-style-type: none"> <li>•Sony as an innovative fighter</li> <li>•Always try to be the first and No. 1</li> <li>•Metaphor of War</li> </ul>  |
| <p>Story</p>  | <ul style="list-style-type: none"> <li>•Story of Savior</li> <li>•Exact steps to take to complete the story for success</li> </ul>   | <ul style="list-style-type: none"> <li>•Story of Fighter</li> <li>•Story as an exciting dynamic challenger as champion</li> </ul>  |
| <p>Other Factors</p>  | <ul style="list-style-type: none"> <li>•Inclusive views for better judgments</li> <li>•Use of negative facts for positive solutions</li> <li>•Goal Oriented</li> </ul>   | <ul style="list-style-type: none"> <li>•Exclusive stance to be distinctive</li> <li>•Integration of diverse contents</li> <li>•Ideas Oriented</li> </ul>   |

## **CHAPTER 5**

### **A Hybrid Discourse Model**

#### **5.1 Back to the Basics of Aristotle**

It is well known that Aristotle defined rhetoric as the faculty of observing, in any given case, the available means of persuasion. This very idea of rhetoric helps us reconsider the results of our analysis. In fact, as we found in our investigation, Carlos Ghosn and Howard Stringer follow many of the elements of successful executive discourse, and they have their own unique preferences or features of rhetorical discourse in the given situations.

Also, they somehow handle well the tradition of Japanese discourse in terms of politeness, seniority, and hierarchy. Sometimes they show understanding and respect to the convention of Japanese organizational communication, but some other times they simply state that they are not Japanese. They even admit that they could do something Japanese executives couldn't do because they are foreigners. In this sense, they use "foreignness" as one of the available means of persuasion.

The situation was extremely critical. In the case of Ghosn, the company was almost for sale or perishing. Sony in turn was really struggling with the enormous deficits and the decrease of competitiveness and strength. In that "given case," we can say that Ghosn and Stringer delivered very effective discourses to revive or revitalize their companies.

But what is left for Japanese top executives? Ghosn and Stringer say that they can do it because they are not Japanese, but then what do Japanese leaders can do instead? In this final chapter, we will attempt to explore and build a rhetorical discourse model of executive discourse especially for those who work at Japanese companies. Our discussion will be based on our findings. Thus, this chapter functions as conclusion of this paper and a consequence that leads us to create a better model of executive discourse.

## 5.2 Problem of Japanese Executive Discourse

This paper does not include analysis of Japanese Executive Discourse, but one would be able to imagine how it would be different if it were delivered and interpreted in the culture of seniority and hierarchy. As we discussed in Chapter 2, politeness is a key concept to understand Japanese discourse, but the idea of politeness is deeply connected to ambiguity and indirectness of message. More importantly, these features are part of discourse that in fact forms and represents seniority and hierarchy.

First, the main idea of seniority is that a senior person is supposed to know better and to have more experiences than his younger person. Younger people are expected to respect to senior people. Of course, this does not exactly work in this way in contemporary Japan, but there is still a belief that seniority is important in Japanese culture.

Secondly, hierarchy is a top-down structure of positions. Thus, CEO is superior to COO, and sales manager is superior to head. This “superiority” is much more important than “responsibilities” of each position. This hierarchy functions like seniority. Higher positions mean superior people, rather than each position has its own area of responsibilities. As a result, human relationships also tend to be hierarchical based on the positions.

When you hear about honorific use of language or humble use of language in Japanese, it means that you change the form of word to be modest, polite, though the meaning is the same. The verb “eat” in English has more than three forms in Japanese, depending on “whose eating” you are referring “to whom.” Thus, seniority and hierarchy heavily influence your discourse, but your very discourse with such uses of language also keeps the structure of seniority and hierarchy.

This can explain why Japanese discourse often becomes ambiguous and indirect. On one hand, you do not want to break the appropriate relationships with others in the

structure of seniority and hierarchy; but on the other hand, you need to tell others what you think, even if that is something unpleasant to others. This ambiguity or indirectness is understood as a kind of “politeness” in Japanese culture. This eventually forces the people to focus more on the relationships with others than their business itself.

### **5.3 Argument versus Politeness**

Japanese executives need not only to lead their companies with business decisions based on rational arguments but also to deliver appropriate discourses based on the values of Japanese culture. They need to produce a discourse in every given situation that works both in the convention of business and in the culture of seniority and hierarchy.

The core of our problem here is a dilemma between argument and politeness. For example, imagine that a young Japanese CEO in his early 40’s decides to close a plant where his former superior in his late 50’s works as the manager. It is right as his business decision, but he asks himself whether it is right or not as a humane decision because he is betraying his former superior. How could he say it to him? How could he persuade him? Would his people be convinced of his plan? What we see here is that his discourse is heavily structured in the system of seniority and hierarchy.

Being polite is not uncommon all over the world. People try to be nice to others. It is common that you say thing indirectly or ambiguously to others when you think direct expressions are not appropriate. People even lie sometimes, like white lies, depending on the situation. What is particular in the case of Japanese business communication is that people bring those values and beliefs of politeness into the organization, and work under the structure of seniority and hierarchy. People are often aware that there are problems in business, but it is also hard for them to break the rules of seniority and hierarchy in which politeness often overcomes argumentation as their cultural preference.

Ghosn and Stringer clearly understand the force and power of this cultural system rooted in Japanese enterprise, but they are not expected to understand and follow the conventions because they are not Japanese. Rather, they gained popularity because they showed respects and understandings in their discourses to this system.

However, what they did in their discourses is to identify and emphasize the most important, critical priority to save the company. That is, “Take this priority over seniority and hierarchy. Otherwise, we all die.” In this paper, we didn’t estimate the benefits of English language as their primary language for business, but they clearly did a good job to convey this message to the stakeholders. They know that higher costs are a result of the complex system of Japanese human relationships. They know that supply chains are often fixed and repeated every year. They know that promotions are often based on the ages and the years he or she worked at the company. More importantly, they know that it is difficult for any executive in Japan to break this structure. In the world of global business, Japanese executives somehow need to deal with this structure to survive as Ghosn and Stringer did.

#### **5.4 Hybrid Discourse Model for Japanese Executives**

There are at least four important dimensions that Japanese executives need to consider in the process of producing and delivering discourse. First, you need to identify the “situation.” Again, rhetoric is always situational. Without identifying the given situation to the speaker, he or she cannot produce effective discourse. Thus, you should ask yourself what, how, and why the situation is the way it looks. Then you will know what are the priorities to take in the given situation.

Secondly, you identify your “relative self” toward the situation. You need to discuss with objective truths based on facts and reliable opinions, but you need to do it from the stance of relative self. It is more important to know how others regard you than how you think who and what you are. You are taking a stance or position from which you speak to your audience through particular discourse to make them think in the way you



think. Since people naturally look at you in the reference of seniority and hierarchy, you should speak from the point at which you are standing with their eyes. You should do this because you want to remove anything that may interfere with your discourse.

Third, you need to identify your “audience.” If you are CEO, you need to identify the groups of employees, customers, shareholders, and people in general. You are speaking to different groups of people with different interests or expectations. You are the person who is delivering a discourse to solve the problems identified in the given situation in order to convince the different group of people what you are saying is true and right for the actions you propose to take. Thus, you need to consider what kinds of interests or expectations your audiences have before you compose and deliver your discourse.

Finally, you choose “contents and form” for your discourse. Contents include the arguments, supporting evidence or examples, any backing or warrant ideas, and the order of information. Form means your choice of words, phrases, or sentences, stylistic features of genres, or the media you choose to publish your discourse. This category also includes the limitations such as the length and time for your discourse.

Figure 5.1

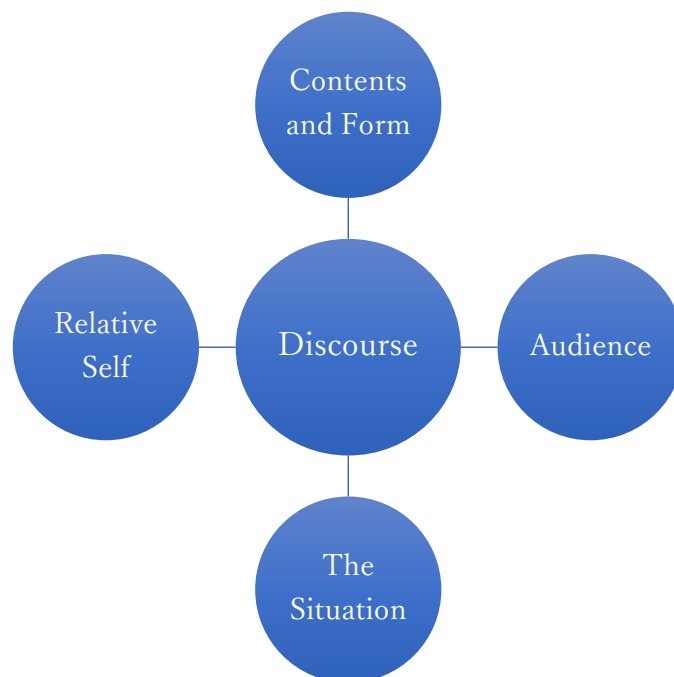


Table 5.1

Elements in details

|                          |   |
|--------------------------|---|
| <b>Relative Self</b>     | <ul style="list-style-type: none"> <li>•Think of Age, Gender, Position, Experiences, Knowledge, Skills, Historical Background, Education, Achievements, etc. as the speaker who discusses particular issues through discourse.</li> <li>•Consider how you are seen in the structure of seniority and hierarchy.</li> <li>•Speak based on objective truths but from the stance of relative self that is realized by others' eyes. (e.g. He is young and does not have enough experiences in the industry, but he is the CEO of the company!).</li> </ul> |
| <b>The Situation</b>     | <ul style="list-style-type: none"> <li>•Collect all the necessary information about the problems that should be solved.</li> <li>•Analyze cause &amp; effect relations of the situation, comparison &amp; contrast with other competitors, and important business components such as marketing, production, operation, and so forth.</li> <li>•Identify the most important priorities and the best strategies to take.</li> </ul>   |
| <b>Audience</b>          | <ul style="list-style-type: none"> <li>•Identify the concerns of different groups of audience; consider affiliation and appreciation of each group and their autonomies.</li> <li>•Look for common grounds and share the goals and values.</li> </ul>   |
| <b>Contents and Form</b> | <ul style="list-style-type: none"> <li>•Find strong arguments and supports and put them in the most logical order.</li> <li>•Use statements of facts, opinions, policies effectively, but form the sentences in politeness such as modest or honorific style.</li> <li>•Choose words or sentences carefully.</li> <li>•For special effects think of metaphors and ideological statements.</li> <li>•Choose a genre or mixed genres most appropriate for your discourse.</li> </ul>  |

In terms of cutting costs and make every part of the business more efficient, the most difficult task for Ghosn and Stringer was the strength of human relationships within the organization and outside the company including the people in supply chains. It is not correct to say that human relationships are more important than the business itself. Rather, it would be appropriate to say that the Japanese bring their cultural heritages into the business. The culture of Seniority and hierarchy influence the ways people connect and identify themselves with others in their organization and Japanese society.

Ghosn and Stringer successfully cut costs and made their companies more efficient and competitive without damaging this cultural heritage by delivering effective discourses. In other words, they somehow let the priorities of business overcome the human relationships of Japanese culture. It is true that they use a means of “foreignness” to do this, but their arguments formed in their particular discourse styles show us that we can do this at Japanese enterprise. Politeness can be formed in discourse without losing the messages of changes in business. This is the discourse Japanese executives should seek for.

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## **Appendix**

### **Sample Parts of the Texts used for Analysis**

Title: Ghosn: 'We don't have a choice'. Automotive News, 00051551, 11/08/99, Vol. 74, Issue 5847 Database: Business Source Complete

#### Section: Nissan Revival Plan

As promised, I am here to communicate to you the Nissan revival plan on the eve of the Tokyo Motor Show. This communication is addressed simultaneously inside our company. The members of the executive committee will relay my message and give forth information inside Nissan, which explains their absence from this room today. The outline of our meeting will be the following: After a brief introduction, I will develop the diagnosis of our current situation from past performance analysis and from the numerous discussions I had across the world inside and outside the company with Nissan's employees and partners, whether they are suppliers, dealers, shareholders or business partners. Secondly, I will unveil to you the Nissan revival plan, the way it was elaborated, its key contents and the expected impacts. Third, I will share with you our commitments. A brief conclusion will end our estimated 45-minute presentation; then we have set aside 40 minutes to answer your questions. Since the signing of the alliance with Renault on March 27, we have been on a fast track and intensive schedule. On May 28, we closed the transaction. On June 25, the shareholders general assembly elected a new Board of Directors. On July 1, the new executive management team officially started its work. On Sept. 1, 17 expatriate Renault managers were assigned to Nissan. And today, Oct. 18, we are here to announce the Nissan revival plan. The key facts and figures about Nissan point to a reality: Nissan is in bad shape. I will limit myself today to three indicators which show it clearly: Nissan has been losing global market share continuously since 1991. We were at 6.6 percent world market share in 1991. Today, we are at 4.9 percent world market share. We lost 1.7 points of world market share since 1991. Our production has dropped by more than 600,000 cars over the same period of time. This drop, for example, represents 25 percent more than the total annual car sales of the Volvo brand in 1998. Obviously, the significant decrease of the Japanese domestic market had a negative impact on us. But in Japan, Nissan lost market share too,

regardless of whether we consider the total market to be with or without the minicars. Nissan has been struggling with its profitability since 1991. Seven of the last eight years, including our forecast for 1999, show a loss. Nissan has been, and still is, a highly indebted company. Net debt, excluding sales finance, was around 2.1 trillion yen at the end of fiscal year 1998. If we take it at a conversion rate of 110 yen per dollar, it was approximately \$19.4 billion. We estimate our net debt level today, after the capital injection from Renault, to be at 1.4 trillion yen, or \$12.6 billion. These figures, along with numerous other facts and realities, made you and a lot of analysts and experts comment that the challenge of putting Nissan back on track would be a very difficult, if not impossible one. But for us, that doubled our conviction that the only way to revival required a high level of lucidity, a high level of rigor and resistance to the temptations of complacency and compromise. In analyzing the past, we had only one objective: Understanding the root causes of our current problems in order to act decisively and utilize them as opportunities for progress. In my opinion, five main reasons explain Nissan's past performance..... (continues)

Howard Stringer Remarks , Chairman and Chief Executive Officer, Sony Corporation  
"Sony's Revitalization in the Changing CE World, " CEATEC -- Tokyo -- Oct. 4, 2005  
[http://www.sony.com/SCA/speeches/051004\\_stringer.shtml](http://www.sony.com/SCA/speeches/051004_stringer.shtml)

Technological and social change is most often experienced in hindsight; we don't see it clearly while it's happening. However, I'm sure everyone in this room has had a moment in which the enormous change of the past 15 years has quite suddenly, perhaps unexpectedly, defined itself before your eyes. My moment occurred some time ago at a Tokyo restaurant. Four young women were seated at a nearby table having lunch. Yet despite a shared table and close proximity, they did not appear to be having lunch together. Or at least not exclusively together. Instead, each was on her cell phone, sharing conversation or text messages or photographs over a vast, wireless expanse. With just those four little devices in hand, the young women could extend their lunch table quite literally to the four corners of the earth. The only shocking thing about it, of course, was how unshockingly routine it had become. Dramatic change has become routine. But even by the standards of recent history,



the change we are experiencing today has a momentous feel to it. Change is everywhere in Japan. There is change afoot in government. Change in industry. And certainly great change in the works at Sony. In recent weeks, Sony's management team has outlined a new vision of the company's future. It is a vision that is streamlined in terms of product lines, manufacturing sites and efficiencies. But it is a vision that is otherwise far broader and deeper -- expanding Sony's capacity for technological creativity and market leadership, while deepening our relationships with dealers, partners and customers. The environment in which our industry operates will not grow easier. Competition in the CE industry is fierce, and is now coming from sources we never had to face in the past, including China, Korea and a full roster of IT companies. Like the price of gasoline, the price of television sets moves in only one direction. The trouble for us is, it's the opposite direction. Each time you walk through Akihabara, the prices seem to be dropping further through the floor -- with much the same effect as a wrecking ball. This challenge is a wake-up call for all of us in the consumer electronics industry in Japan. It is also an opportunity for the entire Japanese consumer electronics industry to reclaim its leadership position. At Sony, we embrace this challenge with a firm understanding that it is at the core of our cultural heritage here in Japan. The entire consumer electronics industry faces the same dilemma. On the one hand, there is a race to the bottom, with commoditized components, descending prices, squeezed margins and a business model that mimics the grimmest realities of the IT industry. On the other hand . . . well, what exactly is on that other hand? It's hard to tell when it's tied behind your back. At Sony, we believe if we free ourselves from the old ways that bind us, we will discover a very strong hand indeed. We believe we will triumph by building into our products sustainable competitive advantages that defy the forces of commoditization. Sony is still an innovation leader. In fact, a recent survey of senior corporate executives named Sony one of the five most innovative companies in the world. Anyone who knows our R&D knows we have genius in our ranks. However, we have fallen short in matching innovation with the expanding appetites of our customers, and execution with the rigorous demands of our marketplace. To regain our true strength and status as a premium brand, we must deliver truly differentiated, champion products that afford our customers the unique, compelling and personalized experiences they desire. . . . . (continues)