

**Top interview: Cooperate Management that Sees Through the Times**

BUSINESS INSIGHT SPRING 2002

Interview Insights of Top Management  
Business Insight  
No. 35

**Mr. Nobuyuki Kume**  
**Kume Co., Ltd. President and Representative Director**



Nobuyuki Kume

- 1987: Graduated from the Faculty of Economics, Keio University
- 1987: Joined Imagineer Co., Ltd.
- 1988: Joined Nikko Cordial Securities Inc.
- 1991: Joined Kume Co., Ltd.
- 1994: Appointed to Representative Director of Kume Co., Ltd. and Fatech Co., Ltd.
- 1995: Founded T-shirt Art Galaxy Co., Ltd.  
Appointed to Representative Director  
(In 1999, the corporate name was changed to T-shirt Art Galaxy.Com Co., Ltd.)
- 1997: The web site of T-Galaxy.com received Nikkei Internet Award
- 2000: Appointed to Visiting Researcher of Softnomics Center
- 2001: Appointed to T-shirt Guide on All About Japan web site  
Appointed to Director of Japan Organic Cotton Association

This interview was conducted in 2002. So, what Mr. Kume talked in this interview and his background are original.

We desire that you search their website for the latest information.

Click this URL:

<http://kume.jp/> (in Japanese)

<http://www.loopto.com/kumetokyo1935/> (in English)

Kume Co., Ltd. is a company producing and selling knitwear products such as T-shirts and polo shirts. Its president is our interviewee this time. The proceeds of his five primary textile companies combined are 1.588 billion yen, and the ordinary profit rate of its proceeds is about 5%. Kume Sen-i Group consists of 8 companies, like Sanwa Printing Co., Ltd. which is in charge of print on products, and T-shirt Art Galaxy.Com Co., Ltd. which takes orders for and sells customized original T-shirts. The number of its employees is 15 (at the headquarters) and 95 (including part-timers) total for six companies in the group. While the company is managed soundly in the textile business that is said to be in a structural recession, it has developed a new business channel and advanced into a new model of business. Kume Co., Ltd. is a company with both “traditions and innovations.”

President Nobuyuki Kume has a different career than that of “an heir of a family business” that we usually imagine. After graduating from the Faculty of Economics, Keio University, President Kume had a career at a game software company (Imagineer Co., Ltd.) and securities company (Nikko Cordial Securities Inc.), that are in different businesses from textiles. Also, being an information sender about things other than his profession, he is active as a columnist in magazines; “Nikkei Venture” and “Nikkei Personal Computing.”

This interview with him focuses on two subjects. One is about the management of Kume Co., Ltd., and the other is about a new company which he founded recently. First, we asked him how he has soundly managed the company in the textile business in a structural recession. Next, we asked about a new company (T-shirt Art Galaxy.Com Co., Ltd.) which he founded in 1995, taking orders of and selling customized original T-shirts. What “intention” did he have founding T-shirt Art Galaxy.Com Co., Ltd.? What new trend is this new business model responding to? What is a key for it to grow? This interview gives many hints to those who are interested in survival strategies in a mature industry, growth strategies or a manager’s way of thinking required in the Internet age. This interview sounds very interesting and helpful for them.

## **History of Kume Co., Ltd.**

**Editor:** President Kume, you seem busy appearing in the mass media.

**Kume:** Although as a manager of a small company like ours, I am very thankful to be mentioned in the media, I have not intended to appear in the mass media. Rather, on the contrary, people at our bank might have a bad impression of me, thinking that I am fooling around chasing the media. However, I cannot reject an interview with a person who is a friend through e-mails. Many interviewers have joined in the community of e-mail friends whom I send a daily e-mail to exchange information in different businesses. Fortunately, they sometimes remember and mention me in public.

Maybe our severe situation in this textile business attracts the media to report. In the present, all the small companies, not only ours, are managed under the same severe situation. Probably they think that there are many businesses in a structural recession in Ota Ward or Sumida Ward. They report that a subcontract factory of electronic industrial parts in Ota Ward and a

textile one in Sumida Ward. While an article is about UNIQLO Co., Ltd. or a Chinese company doing well, our severe situations impacted by them are often reported as a comparison to it. Adding a report of a small business in a severe situation, they want to keep the balance of content of their articles. We happen to be found when they look for a small company doing strange things.

**Editor:** I see. Do you mean that the media has created a false image of UNIQLO Co., Ltd. or Kume Co., Ltd.?

**Kume:** In our case, we have been doing our best to survive and the media overestimates us. One can not reasonably compare a case of big success, a rapid growth like UNIQLO Co., Ltd. to a shrinking case like us focusing on our strong points.

**Editor:** Can I ask questions in order? First, seeing this building of yours with many companies in it, I would like to know the history of Kume Co., Ltd.

**Kume:** Kume Co., Ltd. was originally founded by my grandfather in 1935 as a domestic sewing factory and maker.

**Editor:** It was founded in 1935, wasn't it?

**Kume:** It was founded in 1935. The corporate establishment of Kume Co., Ltd. was later.

**Editor:** What year was your company established?

**Kume:** Our joint-stock company was established in 1960. The original my grandfather independently founded was a normal sewing factory named Kume Knitwear Factory.

**Editor:** Was your company a maker of textile products at the beginning?

**Kume:** Yes. It was a typical subcontract factory which was also our home with loud sewing machines until another factory was build in Chiba in the year when I was born. On the map of Tokyo, textile wholesalers used to be located at Nihonbashi Yokoyama-cho, in the side of the Imperial Palace on the Sumida River, and many sewing factories gathered in Sumida Ward beyond the river. In the past when clothing stores prospered as extremely small family businesses, people came to this wholesalers' town at Yokoyama-cho, to buy textile goods from all over Japan. Subcontract sewing makers in Sumida Ward had produced the textile goods sold at Yokoyama-cho, as household handicrafts businesses at the beginning and, later, as factories in the Kanto and Tohoku district.

**Editor:** What did your company produce as your final products at that time?

**Kume:** Mainly we produced knitwear underclothes. Recently, even young women wear them. However, we had produced so-called grandmother's shirts; upper and lower underwear with long or short sleeves for both men and women.

**Editor:** Your grandfather used to produce them. Next, your joint-stock company was established in 1960.

**Kume:** My father was born in 1935 when my grandfather founded a sewing factory. My father, the second manager, had helped my grandfather, when he was in high school, and got an idea of starting to make T-shirts.

**Editor:** In the 60's, did your company, a maker of underclothes and knitwear, convert into a T-shirt maker?

**Kume:** The rate of T-shirts production had been increasing a lot around that time.

### **Growth Strategies of Kume Co., Ltd.**

**Editor:** When was the first time your company made a T-shirt?

**Kume:** According to my father, just after the end of the World War II, the western culture suddenly flew into Japan, along with the Occupation Force. T-shirts released from the Occupation Force were sold at Ameya Yokochō. I was told that he produced T-shirts imitating those released ones and sold to the wholesale dealers at Nihonbashi Yokoyama-cho.

**Editor:** Did he make T-shirts just following a model?

**Kume:** Yes. He liked watching movies and was greatly influenced by them. There seemed two movies known promoting T-shirts to the world. One is "A streetcar Named Desire" by Marlon Brando.

**Editor:** Desire

**Kume:** Exactly. The other is "Rebel Without a Cause" by James Dean. An advertisement of Levi Strauss & Co. has used his picture from this movie as well. Watching those movies, many people, including my father, began thinking that T-shirts were fashionable. Besides, those who promoted them in Japan were pioneers in the fashion business, founders of VAN Jacket Inc. and JUN Co., Ltd. Kume Co., Ltd. happened to produce T-shirts earlier than other factories and took an order to make a historical T-shirt, being recorded in the history of Japanese T-shirts.

**Editor:** Technically speaking, was it not so difficult to produce a T-shirt?

**Kume:** Although it depends on a shirt, technically it seems more difficult to produce knitwear underclothes than T-shirts. Knitwear underclothes have more parts and require more sewing as well.

**Editor:** Is its material different from T-shirt material?

**Kume:** The material is almost the same. Knitwear is very flexible, using knitted 100% cotton for the material. The synthetic fiber revolution had taken place just then. I remember that we had still produced underclothes as well as T-shirts when I was young. Around that time, warm and highly absorbent new underclothes products were made possible with cotton on the reverse side and synthetic fiber on the right side. On the other hand, T-shirts are rather simple, most of them using 100% cotton for the material. The material is simple and the sewing on a T-shirt is simple, too.

**Editor:** Your company produced T-shirts first in Japan, and has grown much since then.

**Kume:** At that time, Japanese unique brands began appearing and the distributional revolution was about to start. So-called general merchandise stores (GMS in the following) were at the beginning stage of development nationwide. Here my company was under very welcoming conditions to do business. One of them was that our sales floors had spread nationwide as well. Another was the increase of demands for T-shirts. In addition to them, unlike the present, the fashion trend at that time was not in an extreme short cycle of a limited production of diversified products. Everyone in Japan was happy wearing a same T-shirt with the same brand logo as other T-shirts. Thus so-called mass production and mass sales were possible at that time.

**Editor:** You have a brand “Jentle,” shown at your sample room.

**Kume:** Although it looks like a brand, we do not emphasize it as a brand, because currently we are a half-finished goods maker. I will tell you about the predecessor of a brand “Jentle.” Taking orders of T-shirts designed by famous designers, my father learned that a T-shirt with a character or a logo were valued more and sold more as well. Therefore, our company had purchased the rights of globally known brand logos and characters, and printed them on T-shirts.

For example, I still remember the series of famous alcoholic beverages around the world. Somehow Camus and Hennessy sounded valuable in Japan. Any western brands, like ones of a cigarette and an airline company, worked in this way, too. Dunhill, Lark, Air France and Pan American Airways. In short, we had printed these kinds of logos in a decent size on the chest area of a T-shirt. If its size is too big, it makes the wearer of the T-shirt embarrassed. We sent those T-shirts to sales floors at growing GMS. Then, total proceeds of T-shirts with one kind of logo reached 100,000 or 200,000 volumes.

Although it sounds unbelievable now, we had assorted T-shirts with alcoholic beverage logos as the western alcoholic beverage series T-shirts. It was the time when all products sent to a store from us in this way were completely sold. On the other hand, in the present, all products have to be managed individually. Only one out of ten kinds of T-shirts is sold and the rest are leftover.

**Editor:** Around that time, did your company sell the products through GMS?

**Kume:** We sold them through both GMS and department stores, depending on the design of the T-shirt.

**Editor:** At the beginning, your company had produced T-shirts, adopting things of the American culture. Is that right?

**Kume:** Yes. And we exported our T-shirts to the United States. The textile industry was originally an export industry. We exported our products to Bloomingdale’s, Inc. and Sears Brand, LLC.

In short, the current relationship between Japan and China is very similar to the then one between Japan and the United States. The United States was suffering by imported inexpensive textile products from Japan. Later, after the Nixon Shock and Okinawa’s return to Japan, we could not depend on exports any longer. In a newspaper, a headline of an article on Okinawa’s return was “exchange of threads for ropes.” Since they returned ropes of Okinawa to Japan, instead they asked Japan not to send threads, that is, inexpensive textile products.

They worried that their own textile industry would be extinguished in the United States. The history repeats itself.

Thus we started as an export business and changed to a domestic demand-oriented one when the brand boom took place in Japan after the high growth of economy. And, now, as you know, our company has grown to sell imported goods, even though we are not like UNIQLO Co., Ltd.

**Editor:** As you had kept exporting, demands grew in Japan and brands were created responding the domestic demands. Is that right?

**Kume:** Yes. The domestic economy had started to prosper and demand had been growing in Japan. Responding to them, a new consumer culture and distribution system had been created. These preceding brands were very prosperous. While doing subcontract business as OEM (original equipment manufacturer), our company had some of our own projects, too, that were actually very popular at that time.

## **Brand Strategies of Kume Co., Ltd.**

**Editor:** Did you not stop doing business as OEM once you started your own projects?

**Kume:** My father had a good sense of balance. That is probably because he actually saw examples of the most popular brands suddenly losing popularity. He knew that our own brand also had its ups and downs, and was too risky to be depended on. When a fax machine was introduced, our company decided to focus on subcontract business as OEM, retiring from the high risk high return business of our own amateur brands, and changing the corporate direction.

It was just when the phrase “an extreme short cycle of a limited production of diversified products” appeared. In Japan the society had changed to be mature around the oil shock. And, popular brands started not selling so well. Although, in the past, when a hit brand a million shirts used to be sold, only a hundred thousand shirts was then sold even with a hit brand. Currently, only about ten thousand shirts can be sold with an extremely popular brand. It might be different for a case like UNIQLO Co., Ltd. which run their own SPA (specialty stores of private level apparel) selling their standard articles. However, a luxury brand with its scarcity value tends to lose its value when exposed more and more often at many stores. Therefore, a luxurious brand with a certain status sells even less, and its lot size is one digit smaller. Its price is one digit higher so that it has high profit.

When my father thought about his physical stamina as well as these conditions, our company stopped selling our own brands and spending a lot to promote their sales. If you want to have your own brand, it costs to advertise it. However, even with expensive advertisement, it does not guarantee to sell a brand well nowadays. Therefore, he thought that it had better focus on subcontract business as OEM.

Even when our company focused on subcontract business as OEM, it was more risky just to depend on one company or one business to take subcontract orders. So, we wanted to diversify our business and our customers. Using a fax machine which makes an open trade possible without any additional costs, we could diversify our customers horizontally targeting mainly new customers in a different type of business. While an open trade is getting more common today, it was rare in those days. Not only fashion and apparel business, but also other types of

businesses began to have demand for T-shirts. In the case of our company, we decided to make small sales; the minimum lot of 10 T-shirts with stock keeping units (SKU) divided by products, colors and sizes. Looking at a color sample or catalog, our customers could order by phone or using a fax machine. We made it a point not to go around taking orders. Making the cash on delivery as a principle, payments had to be paid into our account at the time of order.

**Editor:** Even now, Kume Co., Ltd. is the biggest maker of T-shirts in Japan.

**Kume:** We may be the biggest among few domestic makers of T-shirts today.

**Editor:** Did you have many competitors at the time?

**Kume:** Although I do not know if this has been a competition, as you know, there have been major underclothes makers such as Gunze Limited, The B.V.D. Licensing Corporation, etc. Probably few companies have made only T-shirts. Besides, these major underclothes makers have tried to diversify their products; post-underclothes and post-textile. The domestic underclothes business seems to have limited growth and earnings.

**Editor:** In this type of business, is it common to do subcontract business as OEM?

**Kume:** Rather than OEM, in textile industry it is more common to produce on consignment with repurchasing contracts. For example, a trading or apparel company sells materials to a sewing maker. Then, a maker processes the materials to be a product and resells it back to the trading or apparel company, charging more for the processing. In practice, it is outsourced processing. For trading and apparel companies, their apparent proceeds seem to increase, due to double proceeds of materials and products.

**Editor:** Companies in the underclothes business get paid only for the processing.

**Kume:** I think so... In this way, other underclothes makers cannot receive merits of a strong yen or cheaper materials. My father judged that it does not bring enough profit and we cannot maintain our independence in this way. He started purchasing threads and fabric directly by himself.

**Editor:** In one sense, was it very unique your company doing subcontract business as OEM in this type of business?

**Kume:** Our unique parts might be both that we do business as OEM with an additional printing service, and that we keep fabric and standard half-finished goods in stock.

**Editor:** I see.

**Kume:** For instance, a merit of our customers giving us orders is that our company, of course, delivers our products earlier than other companies; the very day, next day, or after the weekend, like "Askul Corporation" of T-shirts, since we always keep half-finished goods in stock.

Also, we can quickly respond to semi-orders of additional prints and name tags on the collar of a T-shirt. More than ten patterns of our standard T-shirts in stock sometime change to T-shirts with a designer's brand or to T-shirts for an event. If we print or add a name on a standard T-shirt, we can flexibly respond to additional orders of more T-shirts as well as replenishment in stock according to POS (Point of Sales) system.

Issues on the T-shirt production are about economical lots in its dyeing process and the lead time. While we do not dye later on a T-shirt, unlike Benetton, we always keep popular fabric in stock. Therefore, custom-made T-shirts, not standard ones, can be quickly made using the fabric in stock. We can deliver custom-made T-shirts earlier than others.

**Editor:** In other words, thanks to a risk of stocking, your company can produce and deliver T-shirts quicker than others.

**Kume:** Exactly.

**Editor:** For our customer companies, the subcontract order is done earlier and they do not have materials in stock.

**Kume:** You are right. As a small sewing maker, our company might be unique in risking keeping fabric and half-finished goods in stock. I do not know if our case is called OEM.

**Editor:** However, when you deliver your products to your customer, the products become theirs.

**Kume:** Yes, they have their brands. I think that in this way we can respond to more detailed needs of customers in this age of “one person ten colors.”

I have heard an interesting story from a person of Japanese corporation of a major T-shirt maker in the United States. When I asked him why they did not sell various kinds of printed T-shirts directly at the company, he said, “Because a trend changes too soon.” In the case of printed T-shirts, the best 5 companies 5 years ago and the ones today are totally different.

About ten years before I entered Kume Co., Ltd., my father thought that the same thing would happen in Japan without doubt. Therefore, he judged that a subcontract company, like the Askul Corporation model, would be more stable.

**Editor:** How many years ago was it?

**Kume:** It was when a company named Fatech Co., Ltd. was founded. Then, it was about 15 years ago. This company is not running any more.

**Editor:** Around this time your company started to open trade using a fax machine, didn't you?

## **Creation of a New Channel**

**Kume:** Yes. For the open trade, a different company, Fatech Co., Ltd. was founded at the time. While I might be able to say the same thing regarding the Internet, it had better establish a new company when you create a new channel to sell products in a new way to a new customer.

**Editor:** How did your company get new ideas of the open trade using a fax machine and the cash on delivery? Was it your father who got those ideas?

**Kume:** Yes, it was my father.

**Editor:** Did he get those ideas suddenly?

**Kume:** Yes, he did.

**Editor:** I have two things to say. One is that it is interesting that he got a new idea at the introduction of a fax machine. The other is that he could not practice his idea of selling 10 T-shirts as a minimum unit unless he knew if there was a market for such a kind of sales.

**Kume:** Of course, there was a sign of such a market appearing little by little.

We did not especially advertise our T-shirts. However, our registration number in the Ministry of International Trade and Industry; K-TK3050 was on a laundry tag on a hem of a T-shirts. And a new customer found Kume Co., Ltd. with the clue of this number, and requested a business connection with him. Especially in different types of businesses, more people found us and wanted to use our products.

For instance, a uniform. The mainstream of Japanese industrial structure has shifted from the manufacturing industry to the service industry. And companies in the service industry, like ramen restaurants and forwarding agencies, need uniforms for their workers. Then uniform makers must respond to their needs by finding new factories and makers. Professional business people in a different industry found our company with the clue of this Ministry of International Trade and Industry registration number, and gave us orders for T-shirts. In addition to ramen restaurants and forwarding agencies, souvenir stores at a tourist site and ski slope looked at a laundry tag and had a business connection with us, in the time of no Internet searching tools or catalogs.

Responding to these new customers' needs, we found out that we could not keep materials and fabric in our stock for them due to their different needs from our old wholesale customers. People of the service industry wanted to immediately buy a small amount as a spot cash trade. Due to our small lot production, we wanted to take an uncomplicated order by the phone. Also, we can not go see people at a distant place. Then, having a concern of credit, we must do business only with the cash on delivery. Since the textile business is an old business allowing a verbal promise or typhoon drafts on the 210th day of a year, this cash on delivery is against common sense. However, people in a different industry having new business connection with us were going to do a spot cash trade from the beginning. Besides, companies in Japan tended to pay in cash to purchase things that are not their main trading goods. Thus they got familiar with our system easily.

Then, a convenient fax machine was introduced. One machine costs ¥ 2-3 million at that time. And, of course, not only us but customers had to have a fax machine at hand as well. We had to wait until most companies started using it as a normal business tool. Since I had grown up in a home which was also our company, I remember that time very well. Our sales person was saying on the phone, "Please own a fax machine." I remember that now (laugh). He said, "Its price is a few thousand yen a month for a lease."

**Editor:** It would be difficult to ask those who buy only a small amount as a spot cash trade to buy a fax machine.

**Kume:** It was difficult to ask them buy a fax machine just for us. Only when they themselves needed it, fax machines have spread. It is a little similar to the current Internet. For some reason, the textile industry is slower than an individual to introduce a new machine. We have some people who still cannot use the Internet at our company. When fax machines had spread at corporations, we established Fatech Co., Ltd.

**Editor:** Did Fatech Co., Ltd. grow smoothly?

**Kume:** Since we moved small amount of business connections from Kume Co., Ltd. to Fatech Co., Ltd., its proceeds were more than ¥ 1.4 billion in the first year, 1987. At its peak in 1993, its proceeds increased close to ¥ 2.1 billion. However, when its business was transferred back to Kume Co., Ltd., its proceeds had reduced to about ¥ 0.7 billion.

**Editor:** By the way, how much is the proceeds of Kume Co., Ltd. itself?

**Kume:** Currently, the proceeds of Kume Co., Ltd. itself is only a little more than ¥ 1 billion.

**Editor:** Then, the proceeds by customers of Fatech Co., Ltd. are the most part of Kume Co., Ltd.'s proceeds.

**Kume:** It may be true. Unfortunately, in this decade the proceeds of Kume Co., Ltd. have consistently decreased. Even the proceeds of Kume Group are about ¥ 2.0 billion. When I entered the company about 10 years ago, the proceeds of this entire group was ¥ 6.5 billion. My father and I have consistently reduced them.

Of course, the times are bad with a consumer recession as well as the decrease of price due to the increase of imported goods sales. Besides, we stopped double proceeds of Fatech Co., Ltd. and other subsidiary companies.

However, the basic reason for the constant decrease of our proceeds is that we have gradually changed our customers as well as our business contents. Kume Co., Ltd. had sought so-called mass production and mass sales, delivering mass products to major distributors. However, we decided to move away from it gradually.

We have several reasons for this decision. One is an issue on credit. As you know, nowadays major distributors that used to be the industry leader have bankrupted or faced a management crisis. Fifteen years ago when Fatech Co., Ltd. was founded, customers of Kume Co., Ltd. seemed, from other people's viewpoint, to be all powerful major corporations. Therefore, Kume Co., Ltd. looked, for others, like a better company than Fatech Co., Ltd., since Fatech Co., Ltd. was selling a small lot of 10 products to unknown companies. However, in retrospect, I cannot tell how much this cash on delivery reduced the management risk and how much it helped our cash flow.

The second reason is an issue on the earning rate. Fatech Co., Ltd. of course sells goods at list prices. On the contrary, Kume Co., Ltd. has to sell products at much reduced prices due to the mass sales. Besides, its customers do not pay immediately and the due date of their drafts is longer. Also, we assumed that these major companies would shift from domestic subcontractors to Chinese ones in the future. Thus if we keep a questionable business connection which has been prosperous at the moment, it will be risky for our business in the future.

**Editor:** Where do your remaining proceeds of ¥ 1 billion come from? You have various companies, including a printing company.

**Kume:** Yes. We have a printing company and a company which sells imported goods from China. Besides, each factory and T-shirt Art Galaxy.Com Co., Ltd. have contributed to the proceeds in small amounts.

**Editor:** Is the ordinary profit rate about 5%?

**Kume:** Yes. It is about 5%.

### **Way of Thinking Using a Portfolio**

**Editor:** Seeing your article in the newspaper, it was interesting that you already had an idea of using a portfolio even before you became the president.

**Kume:** I might be able to say that the establishment of Fatech Co., Ltd. and T-shirt Art Galaxy.Com Co., Ltd. is done based on the idea of a portfolio. I originally worked at a securities company and knew the portfolio creating system of financial products. I profoundly understand the effect of using a portfolio to disperse business risks. Our businesses are dispersed around various types of business, since T-shirt Art Galaxy.Com Co., Ltd., besides Fatech Co., Ltd., has gained new customers. However, like today, when all types of business are suffering, our business situation is still very hard.

**Editor:** I want to return to a former subject in this interview. Are the proceeds, about ¥ 2.0 billion, of Kume Group rather big compared to ones of other companies in this type of business?

**Kume:** It might be big nowadays. Domestic textile makers, including major ones, have died out or changed their business. Some have reduced their production capacity in Japan. Of course, we are not an exception, either.

### **Career of President Kume**

**Editor:** We talked for a long time about the history of Kume Co., Ltd. before you entered. Now, I would like to move on to the main topic that I really want to ask you. It is about your career. You studied economics, especially Chinese economics, when you were at university and later, found a job with a game software maker.

**Kume:** I had learned a lot at a venture business named Imagineer Co., Ltd.

**Editor:** What made you enter Imagineer Co., Ltd.?

**Kume:** Usually, heirs in our type of business get a job in a trading company or an apparel maker. Some of them may get a job in a bank. However, since I was aware of taking over a business in a structural recession, I wanted to study in a different type of business, especially in a new one.

**Editor:** You had already decided to take over your family business.

**Kume:** You are right. I have been taught about this succession since my childhood. It is beyond reasoning. First of all, I had better go to a company where I can learn and see things objectively. I applied for a job in a consulting company and was accepted.

However, I kept visiting other companies, for this job hunting season is a good opportunity for a mere college student to see famous presidents. Especially I wanted to see a founding president who started a venture business. For example, I visited Recruit Co., Ltd. and Forval Corporation which used to be New Japan Kohan. Also, I went to a corporate recruiting meeting of Misawa Homes Co., Ltd. At that meeting I found a unique company called Imagineer Co., Ltd. which was newly founded at the time. They provided so-called home computing and its related information.

**Editor:** Is Imagineer Co., Ltd. a part of Misawa Homes Group?

**Kume:** It is an affiliated company of Misawa Homes Co., Ltd.

**Editor:** I see. And you entered the company.

**Kume:** Yes. However, after joining the company, I noticed that they created and sold game software on a family game computer. They did not provide services responding to the coming information-oriented society. It was careless of me, a former boy scout, who do not like children playing a family computer game.

And the first job I was given there was a walk-in sales visit to a toy store to sell new game software. With no lists of toy stores, for example, I looked for them walking around a train station along the Odakyu Line.

**Editor:** Roller operations.

**Kume:** They were literally roller operations. For instance, getting off at Machida Station, I found a child who seemed to like Nintendo games, and asked him, "Where do you buy a family computer game? Later, I got used to it and automatically knew where a toy store or a discount store was, for many towns are similar in shape.

However, at the moment I went into a toy store, I sometimes found previous games remaining in stock and even was told by a store worker, "You visit us just in time. Bring the remaining games in stock back with you." In retrospect, that was the best sales training for me.

**Editor:** Do you mean that you learned about sales in these roller operations without intending to?

**Kume:** Of course it was unintentional. It was a good experience for me that they had me do everything I did not like doing.

**Editor:** Toy stores are very similar to your current business, overstocked without notice if you were not careful.

**Kume:** It is very similar to the fashion business.

The similarity is that a family computer game is a perishable which can be sold only in the first week on the market. Those games are perishables which need to be sold out just after being on the market. Besides, highly popular games are completely sold out in a moment, losing all the following sales opportunities.

Game makers, wholesale traders, and retailers have to preorder goods one month or two months before the sales. Those games are very hard to predict the popularity of until just before their sales, and they do not sell any more after the first week on the market. Therefore, as selling them, I researched the game market, including games from other companies, and figured out how much popular a new game would get. If a famous toy store like Hakuhinkan Toy Park at Ginza purchases this many games, then, how many games of Imagineer Co., Ltd. will be sold in total? I interviewed people related to the game market and asked questions. Later, I could figure out how many this similar game would be sold, based on the fact that a sequel of some popular game sold a million copies.

**Editor:** How long did you do these sales activities?

**Kume:** I did these sales just less than two years. For half of the first year, I did these sales only. However, at Imagineer they did not have enough personnel due to its recent establishment. Later, I did sales in the morning and developed game software in the evening. I led a double life. The game software I developed at the time was named “Toru Matsumoto’s How to Win in the Stock Market.” I was a part of its team for ideas and scripts.

It was about when a stock investment boom was skyrocketing. This project was what the president of Imagineer Co., Ltd. met Mr. Toru Matsumoto who was a bestselling author of “Comics: Stock for Beginners,” and agreed with him about. A project team for this game was made so suddenly that they let an inexperienced person like me join the team.

**Editor:** You had done only sales for half a year. Then, one and half a years after that, you made the game system of “Toru Matsumoto’s How to Win in Stock Market” that was based on the president’s idea.

**Kume:** You are right. At the company, I had experienced both sales and system making. Therefore, for the sales I demonstrated the game system which I myself created. While distributing handbills about the game, I demonstrated the game in front of Yaesu Book Center near Tokyo Station. There I was wondering how I could make indifferent people interested in my handbill.

**Editor:** How many “Toru Matsumoto’s How to Win in Stock Market” sold?

**Kume:** The first volume sold more than a hundred thousand copies. The number, a hundred thousand, itself was probably not surprising then. However, the price was ¥ 9,800; more than double normal prices, and the game still sold that many. Besides, the game was for adults. Since the game was unusual, wholesale traders and store managers were cold toward it at first. However, on the market the game sold in its own way.

**Editor:** In a sense, was the game a middle-sized hit?

**Kume:** Yes. A middle-sized hit. However, it stirred up people's conversations. I still carefully keep a collection of 120 - 130 articles about the game from those days. It was when the bubble economy was at the top, so those articles presented the pros and cons of the game. Their contents were such as "Do we teach the stock investment even to our children?" and "Finally the stock investment has advanced even into a family computer game." Because of this controversy, the game was a hit.

## **Move to a Securities Company**

**Editor:** Were you headhunted by Nikko Cordial Securities Inc., because of your good job on "Toru Matsumoto's How to Win in Stock Market"?

**Kume:** Rather than head hunted, I was invited by Mr. Kobe who had originally worked at Imagineer Co., Ltd. and the Bank of Tokyo-Mitsubishi UFJ. Mr. Kobe is currently the most eminent financial planner in Japan and a representative of Financial Planners' Associates and Consulting. In those days he had already taken notice of the value of Financial Planning in the future.

Besides, Mr. Inaba of the president's office in Nikko Cordial Securities Inc. had a thorough knowledge of the United States and insisted that financial planners would be important in Japan as well in the future. However, since financial planners did not fit in the securities company's culture, he was going to make a financial planning project team with outsiders. He invited Mr. Kobe as the team's leader. I joined him one year later. I was immediately invited as a leader by Mr. Inaba who had a Financial Planning project. He must have noticed me as a strange man who made a stock investment game.

**Editor:** Did you feel awkward moving to another company?

**Kume:** Fortunately, I have learned many things from door to door sales to software system development, at Imagineer Co., Ltd. I wanted to learn something new next. To be honest, I intended to go overseas. Then, thankfully Mr. Inaba and Mr. Kobe invited me. It sounded exciting to plan and develop the Financial Planning, a pioneer method in Japan. Also, I wanted to learn characteristics of an organization of a major company, after a venture business. And furthermore, I wanted to study the leading company of financial business which was going to be mainstream in Japanese society.

**Editor:** Then, you moved to Nikko Cordial Securities Inc. What did you learn there?

**Kume:** I could learn a lot there, too.

First, it is often said that Japanese major companies "use 70% of their energy for the in-house sales." I felt that the in-house sales was exhausting. There I learned that underground negotiations were hard and important as well. It was not necessarily true for a right opinion to get the most votes at a decision making meeting. Rather, opposite cases took place more often. You need to know the key men are who and who, and each division's interests regarding an

issue correctly. However, I heard that current Nikko Cordial Securities Inc. had greatly changed its organization and its decision making process. In spite of this Internet society, good ideas sent merely by e-mail would not be adopted in a major company yet.

The biggest thing I learned there was not “the view of stock prices,” but “the way of stock prices.” I was working in the sales and planning section of the securities company when the bubble economy collapsed. My father said, “It was the best thing to study.” I myself have literally experienced “Financial Aesop’s Fables.” I actually felt that everyone had dreamed the same dream in the bubble economy and no one could put on the brakes on the dream. Even now I do not forget that, just before its collapse, for the end of year prediction in each economic magazine, most learned experts predicted that Nikkei average of stock prices would raise enough to reach ¥ 40 thousand. Of course they were all wrong. In the very middle of the collapse, I experienced that a following experienced principle was true: a collapse starts at the moment when everyone is optimistic and confident.

Although I often hear that a securities company deceived people, employees of a securities company might have deceived themselves as well before the collapse of the bubble economy. As you know, the year just before the collapse many financial institutions had raised even their own funds in stock markets. Their employees bought those stocks, too. Some of them even borrowed, from their company, the money to buy stocks. I remember that everyone was in a festive mood in those days.

Since then, at first I always doubt a story which sounds too good to be true. Not only a stock market, but also every thing in Japan tends to overshoot from one extreme to the other. Fashion, also, tends to overshoot in Japan. Thus we need to be careful to deal with it.

**Editor:** You had such a valuable experience in Nikko Cordial Securities Inc. at the collapse of the bubble economy, didn’t you?

**Kume:** Yes, I did. At the time I was a leader of a project to promote an inheritance diagnostic system to branch offices. Until I finished the project, of course I could not leave the company. Then somehow the collapse of the bubble economy took place. I could see Heaven and Hell there before and after the collapse.

May be thanks to being a lecturer for a seminar at a branch office, I now can speak in front of many people. I spoke in front of many angry and suspicious customers whose stocks were going down.

**Editor:** How long were you there at Nikko Cordial Securities Inc.?

**Kume:** About three years.

**Editor:** You were at Imagineer Co., Ltd. for one and half years and at Nikko Cordial Securities Inc. for three years. Then you went back to Kume Co., Ltd.

**Kume:** That is right.

## **To Kume Co., Ltd.**

**Editor:** According to a newspaper article, your father said that a president had many things to do in a recession, not in prosperous times, and that since they needed a president in a recession, not in prosperous times, you should come back to Kume Co., Ltd.

**Kume:** Yes, the article is true. He knew by intuition that the economy would go down. On the contrary, at the time popular discussions were about whether or not the economy would go “beyond the Izanagi boom.” However, my father did not imagine that the recession would become so bad and last that long, getting close to a para-depression.

Just after I went back to Kume Co., Ltd., I was given business cards with my title as the vice president. If I showed this business card at first greeting to a company manager, I actually can see most of our customers. The important purpose of my greetings was to know our customers and their businesses and to ask their requests of us. At the same time, I was given a credit management role to distinguish our customers who might become financially untruthful in the future. In fact, to meet our customers face to face is the best. Even today, I still keep being a bill collector to actually see them.

**Editor:** Usually, most presidents want to do things by themselves in difficult times. It is extraordinary for your father to let you, the third president, take over the entire Kume Co., Ltd.

**Kume:** Even now, he, the current chairman, cannot leave completely everything to me, and sometimes he does some by himself; for example, decision makings of a mass purchase and mass production. My father and I each take responsibility for one aspect of the job. When my father works, I watch his back and try to remember what he is doing. He has let me learn about the most severe aspect of credit brakes through actual experiences.

**Editor:** Did you, President Kume, agree with your father’s saying that since they needed a president in a recession, not in prosperous times, you should have come back to Kume Co., Ltd.? Did you not want to stay longer at Nikko Cordial Securities Inc.?

**Kume:** From the beginning, I was going to be the next successor of the company so that I felt that it was just the right timing. I finished a big project at Nikko Cordial Securities Inc., and returned the favor to them.

**Editor:** While being the vice president of Kume Co., Ltd., you were the president of Fatech Co., Ltd. as well.

**Kume:** Yes, I was.

## **Behavior of a Well-Informed Person**

**Editor:** This is also according to a newspaper article. The article says that when you, the president of Fatech Co., Ltd., sent out questionnaires to your customers, you found that 70% of them wanted to create their own original T-shirts. Is this correct?

**Kume:** This is correct. I sent out questionnaires to frequent customers who requested a catalog to a backstage company like us. They found us even in a magazine article or a small advertisement. Among the questions we asked, the one given most impressive answers was, "Do you want to create your own original T-shirts?"

When the answers from our customers were analyzed through simple cross tabulation by sex and age, we found that, rather than young people, many older people were interested in own original T-shirts. Although, as you figure, only men busy working in their prime have less interest, other people, the aged, women and young people, have high interest in original T-shirts. This is very interesting.

In the coming information communication society, that is, the individual-oriented society, people who used to be socially weak have higher information sensitivity and information sending ability, and will become stronger in the future. The result of my questionnaires fits to this hypothesis of mine. This hypothesis was what I actually felt communicating with customers at Imagineer Co., Ltd. and Nikko Cordial Securities Inc.

**Editor:** Would you explain your hypothesis in detail?

**Kume:** For example, children who play a family computer game are highly well-informed. First of all, they do not believe advertisements by advertisers. They do not trust advertisements that a company pays for. Asking to them, I found that they trusted special magazines like "Family Computer Magazine" and "Famitsu." A writer of those magazine articles judges a family computer game. Whether the magazines have a 4 page article or a 6 page article about a particular family computer game tells children how important the game is. They think that the more pages a game was assigned on a magazine, the more important the game must be.

Next, in order to judge a game by them, they carefully read an article about the game, fill out questionnaires attached the magazine and send them back. They reply to questionnaires before the actual sales of the game, asking which game you want to buy and offering a present to a lucky responder. Later, a popular game ranking is announced before it goes on the market. Children always check the best ten games on the ranking list of a magazine.

Furthermore, their opinion leader collects information by going to a preliminary demonstration of a family computer game in front to a store. When I was young, children respected friends who could talk about Kamen Raider. However, when I was working at Imagineer Co., Ltd., their heroes were friends who could tell much about family computer games. Among them, they have an opinion leader who actually collects information by himself. He cleverly found and went to a game demonstration for a promotion at a major department store or a game specialty store.

When I actually held a game demonstration, children seriously stared at a computer screen where the demonstration was on. At a demonstration, their first examination was done just in 30 seconds or one minute at the beginning. When they lost interest in the game at that point, they were gone quickly. When they found it interesting, wondering about its story development and what kind of a monster or a hidden skill, the game would sell a lot. Later, the opinion leader goes back to school and advertises the game, bragging about what he experienced. This

is an information ripple structure, spreading the information beyond one school, same to a community on the Internet. Many children go to cram school(or private tutoring school) or a test center where they start boasting about their knowledge of a new game. Then the information of the game spreads to children in neighboring schools.

**Editor:** Were they elementary schoolchildren?

**Kume:** Most were elementary schoolchildren. Others were junior high school students. Thus prior to their actual purchase, they collect much information on which game to buy, analyze and classify, evaluate, communicate and exchange it.

Besides, their buying behavior is smart and sophisticated. At which store should they buy a game? This is a vital point. At this point, they think about two issues.

One is that if a game is available anywhere, they want buy it cheaper. Since they spend small allowance for an expensive game, this is a big problem. When I was working at Imagineer Co., Ltd., distribution system of the toy industry has gone through a big change. Originally, a toy store at a commercial district in a town sells family computer games. Shortly back in the past, the popularity of family computer games was so high that combining the sale of a family computer and game software was considered bad. A toy store at a commercial district could sell a family computer game at a fixed price or a little lower than it. It was like a god-send for the toy industry. However, as a result, the reform of small toy stores run as small family business had been probably delayed, compared to other industries. Soon, mass volume camera and home electronic retailers in front of a terminal train station noticed games' effect on attracting customers, and they started huge discounted sales of family computer games. In addition to them, discounted sales of family computer games started on the side streets like a guerilla war as well. Then, information about a cheapest place selling a game started flying back and forth.

The other issue for children about to buy a family computer game is how to get a game quickly, especially in a case of a highly popular game, such as Dragon Quest, which will be definitely sold out quickly. Therefore, the information about at which store they could buy a particular game started flying back and forth as well. Children say, "That store is little-known and very small. But it has a power to stock up 200 copies of the game first time on the market." They might directly ask a person from a game maker this kind of question at a game demonstration. At which store can they possibly buy a game before it is sold out?

Finally, children are not so sentimental about a possession of a game. They prefer playing a game to possessing it. Once obtaining a popular game, they advance quickly toward the goal of a game so that they can boast to their friends. "Are you still at that stage in the game? I am already at the stage far ahead on the way." Then, after boasting, they dash out, bringing the game to a used game shop. When there is still someone who wants the game which is not available anywhere, the game might be sold in a price even higher than the fixed one. Or even though the price has gone down, the gap of prices is very little. Thus the difference of money that the child paid and got back is the using fee of the game for the child who sold the new game.

I wonder what the society will be like when these children, naturally using information so precisely, grow up. It is often said that Japanese people are easily manipulated by brands, advertisements and trends. And, although this tendency is still remaining, may be more people have different behavior patterns now.

Also, in the securities company, I saw new life styles coming in the future. At a glance, I was wrongly impressed that uninformed aged people were deceived by a securities company. I was wrong. Especially, those aged who came to a seminar held by its branch office were extraordinary. After talking honestly to them, I was trusted by them and they candidly talked to me. They knew that the rate of the then popular gold savings account was higher at a semi-major securities company than at a major securities company, and even that which securities company could manage an investment trust well. And they frequently went to free seminars of each securities company and collected information to take advantage of it.

Since I had to deal with these powerful customers, I made my inheritance diagnostic system completely customer-oriented and thoughtful for them. In a case of a securities company, they do not have obvious lawful tax saving goods so that I used the inheritance diagnostic system as a tool to please customers with thoughtful proposals to save taxes. I knew that a rich man was isolated and lonely, and that the tax saving was not his real purpose, even though he saved taxes in detail. I developed my inheritance diagnostic system mindful of them, just like a picture-story show or a family computer game.

For instance, a bank may propose rich aged people to build an apartment building on the site of their old house with a garden and many memories, and to live on the top floor of the apartment. However, rather than living on a top floor of an apartment, in honestly speaking many people wish to live in a house with a scratch on a pillar that reminds them of good old days, seeing their grandchildren. Therefore, my system showed them their real dreams on a computer screen "listening to customer's wishes." After my thoughtful treatment using the inheritance diagnostic system, they trusted me and sometimes told me their real financial intentions. Then, I invited them to a portfolio making system for their fund management. They surprised me. Although, formerly they told our securities company "how much money I have," the amount of their savings they told us was merely one tenth or one twentieth. Actually they hid the big amount of money. In short, they knew not to tell a truth to a financial institution and protected their financial information very well.

**Editor:** Once it is known to a bank, they would be totally ripped off.

**Kume:** They guard against it happening. Our portfolio making system recommends products of other companies to them, saying that "you had better deposit this part of money in a bank, or that your insurance should be more like this." Then, our customers trust us more and more. Of course experienced salesman can talk to aged customers well. However, since customers start guarding against a hot-blooded sales attitude, it had better for a lady at a counter talk to them kindly just like their granddaughter talking to her grandparent.

Anyway, aged customers pretended not to know anything. On the contrary, I found that many of them read a money magazine carefully, went to a seminar and guarded their own money against financial institutions, showing only a part of it. Of course, they distributed word-of-mouth information on the phone or through a housewives' gossip to friends who were also in a similar situation.

Then, these well-informed ordinary people started using the Internet. I was surprised at Tokyo Disney Sea on the other day. Old ladies who were in a line together were saying, "It is cheaper on the Internet." Weak ordinary people will become strong well-informed ones very soon.

## **Works on Original T-shirts**

**Editor:** I would like to go back to a former subject in this interview. Did you ask how many people wanted to make an original T-shirt, based on your mere curiosity at first?

**Kume:** It was based on my curiosity. The question was just one among many.

**Editor:** Then you found that 70% of those who filled out your questionnaires wanted it.

**Kume:** You are right.

**Editor:** Besides, those who wanted an original T-shirt were fairly older people. Did you feel a vein of ore there?

**Kume:** Yes. Since we originally ran our business in a short cycle of a limited production of diversified products as well as with half-finished goods in stock, I thought that we could do business responding to those customers in more detail, using our business system.

**Editor:** Then, did you get an idea to establish T-shirt Art Galaxy.Com Co., Ltd.?

**Kume:** Yes. It was the motive to establish the company. The real cause of its establishment was words of General Manager Seki who developed a system with me when I worked in Nikko Cordial Securities Inc. Mr. Seki was on loan from Fujitsu Research Institute to Nifty Corporation. It was when members of the Nifty Serve started to increase and to be active, he proposed me to open a business on the Nifty Serve.

Then, I researched whether it was possible to realize my idea. Unfortunately, it was not possible yet. At the time in online services the Nifty Serve provided, we could use only letters, but not pictures. In order to respond to a prosumer who creates an original T-shirt, two technical issues needed to be cleared. One was digital image processing. Digital image processing needed to make it possible for everyone to easily take a picture in, using a digital camera or a scanner, to design on the picture using a personal computer, and to print a designed picture out beautifully. While these are already possible in an inexpensive price today, machines and software for the digital image processing were very expensive in those days. Just at this time, I met Mr. Murai, Manager at Cannon Inc., who had developed ink for a bubble jet printer. He predicted that in 2000 digital pictures would exceed silver halide pictures. Thus I knew the trend that digital image processing technology would surely develop and spread in households. Unfortunately, the technology to directly print or textile print on fabric is still on the way to develop.

The other technical issue is the digital communication technology. In order to communicate product and order information with an individual, we needed more effective method than a fax machine or a telephone. It was just when online services and BBS (Bulletin Board System) started to spread, and the Internet appeared. There were still many immature parts of it and, even today some technologies are not realized. However, I had a hunch that someday electronic commerce would get into its stride.

**Editor:** It was in '95. Did you open a business on the Nifty Serve first?

**Kume:** Yes. In '95, I opened a business on the Nifty Serve at the same time I established T-shirt Art Galaxy.Com Co., Ltd.

**Editor:** What was your business on the Nifty Serve in those days?

**Kume:** The basic menu of my business had three services. The first was sales of plain T-shirts. The second was to take an order for an original T-shirt. We took an order even for one T-shirt. In a case of a small lot of one or two T-shirts, we used a copy print without making a printing plate. In the case of a team order, we used a screen print. The third service was sales of designed T-shirts. Rather than famous designers, those we dealt with were designers whose were from other than the fashion business, and rising designers. Even now this basis is not changed.

**Editor:** Was it technically possible to print an original picture on a plain T-shirt without waiting for new technology, just like a person from Cannon Corporation said?

**Kume:** I could use a copying method with a color copier. We printed a picture out on specially glued copy paper, using a color copier or a color laser printer, and, then, glued it on the T-shirt's fabric applying heat and pressure on. However, the quality of the copy paper was pretty bad compared with the current one. An original picture printed on a T-shirt with this method was easily washed away and a little problematic. For us, professionals, it was unacceptable. The Internet was still not mature and the services were probably not proper to be provided by Kume Co., Ltd. itself. In the present, the quality of the specially glued copy paper has been improved. However, it is still not as good as the quality of screen print or textile print.

**Editor:** The Internet had started to be active around 1994. Was the technology of color copy available a little before that?

**Kume:** It was available a little before that.

**Editor:** At first, did you really do business using online services without any pictures?

**Kume:** I let customers read the information and download a picture if they wanted. At the time, the size of online services was 14 or 28 kbps so that even a small picture was hard to go online.

**Editor:** Was it possible to download a picture as well?

**Kume:** Yes, it was possible just to see a picture online. However, only those who were quite familiar with the computer technology could manage it. It was terrible in retrospect. Thinking, "Is this it?" some people were probably disappointed, after a picture was downloaded using his money and time.

**Editor:** At first, was it experimental?

**Kume:** Of course, it was an experiment. This is why T-shirt Art Galaxy.Com Co., Ltd. was established with its minimum capital of ¥ 10 million.

**Editor:** Did you run this company alone?

**Kume:** I started this company with the help of an employee.

**Editor:** Was it an individual investment?

**Kume:** Yes.

**Editor:** Did you have prospects for this new company?

**Kume:** Because I had no prospects, I invested in this company individually. Under the prolonging recession, Kume Co., Ltd. required structural reforms at the time. If an uncertain strange business, like T-shirt Art Galaxy.Com Co., Ltd., was started with the investment of Kume Co., Ltd. T-shirts in this severe time, our staff and outsiders would wonder what we were doing. Since I had been employed before, I could imagine that they would speak ill of me, saying, "That foolish son," behind my back. Therefore, I made a different company.

**Editor:** How many hours of your work time did you spend to start this company?

**Kume:** About 30-40 % of my work time. However, at the start and reform of T-shirt Art Galaxy.Com Co., Ltd., I stayed up late working at home. When my T-shirt shop was opened in the Nifty Serve in June 1995, I worked through the night before the opening day. Also, when I made our homepage on the Internet for the first time in December 1995, I had worked on web site pages all through holidays from Christmas to the New Year.

**Editor:** You have used much of your personal time for your company.

**Kume:** It is personal time. However, I do not think that managers of small companies have any personal time.

**Editor:** According to your interview in the newspaper, you assumed that the T-shirt market in Japan would grow in the future, for the casualness of fashion has been spreading in the United States.

**Kume:** The T-shirt market in the United States has been growing because of the big influence of the culture of T-shirt entertainment, instead of the casualness. As you know, they easily create and wear T-shirts on any occasion in the United States, on a corporate anniversary, a family anniversary, etc. In Japan, the T-shirts culture is not at that level yet. Usually, a team or a club, led by students, orders T-shirts only on a very special occasion. It is unfortunate.

However, a new need of T-shirts is beginning to grow in Japan. For instance, the growing need is not of "a T-shirt to wear," but of a T-shirt for fashion or for household use. That is to say, the new need is of "a T-shirt not to wear."

A T-shirt with a picture of a cute baby on it, for example, is really "a T-shirt not to wear." Parents who made it or grandparents who were given it as a gift would keep the T-shirt carefully as a memento.

Also, T-shirts that are rare collector's items are "bought as a pair." A T-shirts maniac buys his or her favorite T-shirts as a pair. He or she keeps one of the pair carefully, and wear the other on. This is a new need of T-shirts as well.

**Editor:** Did you basically aim at customers with those new needs of T-shirts in T-shirt Art Galaxy.Com Co., Ltd.?

**Kume:** Yes, I did in T-shirt Art Galaxy.Com Co., Ltd. While the casual wear market is going to grow gradually in Japan, mass production businesses, including ones in China, will fight over more shares in the market with twice of the current intensity. It seems like a world of a power game. Even though we try to do best if we are there, we do not have physical strength to fight in the world of a power game.

We will compete outside of the mass casual wear market, in a niche market of hidden T-shirts needs. For us, phrases, such as “original T-shirt production,” and “team order T-shirt production,” are still vague, close to mass marketing.

We have to focus more closely on a specialty market or a particular theme. Our products are not an ordinary T-shirt which pleases every customer, but a T-shirt in which one out of hundred people shows interest, and that T-shirt is going to be a treasure for the one person. Although the size of that kind of market may be only 100 million yen or one billion yen, there is a way for a small company to survive. We might not be able to survive just by using slogans, manufacturing on demand or T manufacturing service.

## **Conversion of the Conversation Mode, a Turning Point of Business**

**Editor:** However, for the first half of the year T-shirt Art Galaxy.Com Co., Ltd. had hardly any customers. Since August 1996 your company has experienced a big change. Would you explain about this?

**Kume:** First, I changed the structure of my company’s home pages, from the first generation home page like a catalog waiting for a customer to a new home page like a weekly magazine sending information. The first generation home page has a company profile and a catalog quietly, laying in wait for a customer. On the other hand, the second generation home page aimed not to sell products, but to send the interesting information about T-shirts and to advertise interesting people and organizations.

This change is because, from my experiences in publishing e-mail magazines, I noticed that the more information I send, the more people come to me on the Internet world. Besides, my information should not be based on my own impression, but a collection of many people’s actual experiences and firsthand voices to send. For us, it seemed easy to do. In the case of a book, there must not be any errors, and quotations must be correct. Otherwise, someone might nitpick at us. However, on the Internet, misspelled words and missing words are common, and some errors are passing by, just saying, “Is that so? Sorry.” Due to this easiness of the Internet, we decided to keep sending information on the Internet, in spite of the imperfection.

An antenna shop, related to Kume Co., Ltd., was useful to collect the information for the new home page. People who want to make original T-shirts visited the antenna shop, and most of their original T-shirts were unique and interesting. Seeing these original T-shirts, I thought that I had never seen a design like these, or that I did not know you could use a T-shirt in this way. Among them, some made me laugh and surprised at their creativity.

Seeing these free expressions on original T-shirts, on reflection we seemed to have some prejudice. We were under the impression like that T-shirts must be this, used in this occasion. We were wrong, proudly using a word: prosumer. And many of these examples could be introduced on our home page to stir up demand and uncover hidden demands. These original T-shirts seemed interesting for us, and probably our customers would enjoy making them as well. Maybe someone wants to try making an original T-shirt, after seeing these examples.

**Editor:** To make your story short, you met a person from the Nifty Corporation and got an idea to sell T-shirts on the Internet. Individuals' needs of original T-shirts were so high that your new business aimed at them. You found very interesting people making original T-shirts that were beyond your imagination.

**Kume:** Some people started to make T-shirts beyond our imagination. And, we see new changing ways to create and buy original T-shirts using the Internet.

For example, the impressive was when I took a team order on an order form in the Nifty Serve. One day, I received a question e-mail saying, "Can we order original T-shirts as a team?" I replied with its order conditions on a list saying, "Yes, you can." On the next day, I received an e-mail; "Thank you. I sent your reply e-mail on the form bulletin board for our team. Soon, we were excited about the idea of making original T-shirts, and decided to do it. To choose a design for the T-shirts, our members hold a design contest. I will report its result to you a week later." I was shocked by this, for I used to spend much energy and time for in-house sales and the ringi system, which consultation via circular in order to get approval of a decision at a major corporation. Also, at that time corporate customers of Kume Co., Ltd. used to send a block copy back and forth using a motorcycle express to check it. Our corporate customers took so much time consulting via circular many times to decide a design for T-shirts that we at Kume Co., Ltd. had to make T-shirts in extremely short time after their decision was made. Semi-professional or amateur people on the Internet world know smarter ways to process information and make a decision than professional ones at a corporation. These Internet workers share information in a second, even with the then inconvenient online service. Besides, members of a team around the country who have never seen each other can reach to a decision immediately on the Internet.

Although this kind of smart decision making style happened to be first adopted by advanced individuals, someday a corporate business process needs to be changed in this way as well. However, five years after that event our business process to corporate customers is still not advanced much. Our corporate customers must feel the need to change. It will gradually change.

**Editor:** Buyers, too, send more information. We soon cannot tell who is a sender of information.

**Kume:** Exactly. We cannot tell. I found that main characters in this new way of business were these advanced Internet workers. In the past relationships with individuals, a corporation sent information in one way and prepared everything for individuals. Instead, a corporation now provides materials and places, and lets customers freely plan and share with others on the Internet. In this way, customers enjoy more. So far our creativity was limited. I felt that, in the future, new wisdom from outside would possibly overflow from prosumers.

**Editor:** As materials and places to provide, T-shirt Art Galaxy.Com Co., Ltd. offers the Artist Designer and the Virtual Franchise Shop.

**Kume:** Yes.

**Editor:** What kind of people use The Virtual Franchise Shop in the business of T-shirt Art Galaxy.Com Co., Ltd.?

## **If on the Internet, Specialty Stores are the Best**

**Kume:** For example, my DOG- T-shirts shop is managed by a woman who is a dog lover and a Small Office Home Office worker.

When parents have young children, many of them make a T-shirt with a child's drawing or a picture on it. When their children has grown up and being impertinent, they like making a T-shirt with their pet, especially dog's picture on it. Probably it is because a dog is more obedient than their grown-up children. Originally, there used to be many people who brought a lot of pictures or illustration of their beloved dogs for their original T-shirts. Therefore, I had felt that we needed a T-shirts specialty store especially for dog lovers.

However, I thought that, if we ourselves run the T-shirts shop for dog lovers, it would not be good. That is because successful stores on the Internet are specialty stores rather than department stores. Since on the Internet people buy special products that are not available anywhere, particular specialty stores are more suitable and successful on the Internet. You do not feel that ramen is not the best at a ramen restaurant which also provides a bowl of rice with a pork cutlet on top. A particular specialty ramen restaurant should focus only on ramen and Chinese noodles in soup topped with slices of roast pork at most.

Thinking this way, it is dangerous for our T-shirt shop on the Internet to offer various products. Our Internet T-shirt shop would become a department store offering whatever related to T-shirts. It would not be successful if every design that customers want is put on the web site of T-shirt Art Galaxy.Com. It must be a specialty store.

However, it would not be good either, if we open specialty stores each of dog T-shirts, cat T-shirts, and so on. Probably, all specialty stores have managers who think like mere office workers. While Kume Co., Ltd. ends up paying more fixed costs for them, too many specialty stores would not make each store profound and popular.

Wondering what to do, I was introduced a well-qualified person for this issue by Mr. Hiroshi Kyomasu, the then managing director of the Nifty Corporation. Finishing raising her children and active in a network in the Nifty Serve, Ms. Makiko Yamaguchi of Bewell-International Co., Ltd. is a dog lover and a Small Office Home Office worker. When I asked her if she wanted to manage a T-shirt shop, she said that she really wanted to do it, for she cannot find any cute T-shirts with a picture of a dog. I wondered that it might not be true because Kume Co., Ltd. has produced and delivered many dog T-shirts (laugh). She cannot find any cute T-shirts with a picture of a dog, probably because they are all scattered made by various makers and displayed at various sales floors.

Then, she and I exchanged e-mails about 50 times, discussing what partnership would be suitable for this business. After all we got an idea of a new business system, The Virtual

Franchise Shop which would disperse our mutual risks. I had tried hard for Ms. Yamaguchi to avoid stocking goods which is the biggest risk of managing a T-shirt shop. No matter what a fashion business is flourishing, they fail due to too large stock. Besides, we limited her store facilities to be only on the Internet in order to avoid initial costs such as a deposit and reward for a landlord. At a shopping mall, they charge fees to open a store, which is too much to pay. On the contrary, keeping the cost very low, we have to pay only ¥ 2,000 for a personal home page. If you already have a personal home page, you can even use it as is for business. In addition, we of course made her business avoid distributing goods or collecting payment.

**Editor:** What does a franchisee do?

**Kume:** A franchisee consciously focuses on what Kume Co., Ltd. is not good at. First, a franchisee finds out what design a dog lover tends to like and produces T-shirts with those designs. Embarrassingly, professional makers can not do it, even though it looks easy enough to do.

Once you do this business, you would know that there is often a gap between a design that such a mania prefers and one that is a trend in the fashion industry. Speaking in the extreme, some of the maniacs are interested only in the kind of their own dogs. In order to respond to their preference, we are supposed to have T-shirt shops especially for Papillon or Retriever, instead of DOG T-shirts.

Furthermore, a leader of a dog lover community on the Internet can promote dog T-shirts more effectively targeting at prospective customers who want the designs for dog lovers on T-shirts. For now, I think that an e-mail magazine is the most effective promotion media. However, e-mail magazines published by Kume Co., Ltd. have a limitation. After all, people do read e-mails only from trustful people who share tastes and interests with themselves. They read e-mails only from their friends. We send a lot of direct e-mails which attributes are targeted based on a database, and its effect is still very limited. On the contrary, e-mails sent from a charismatic Internet worker to their friends sometimes result in purchasing rate of more than a few %. Thus it is more effective for a well-informed person to tell friends who meet daily at a housewives' gossip meeting on the Internet, "I received this e-mail," or "I read about this in an e-mail."

Of course in the case of the Virtual Franchise Shop, an e-mail directly from an artist would be effective as well. Participating artists in the Virtual Franchise Shop would be able to know who buys T-shirts they designed, since e-mails ordering a designed T-shirt are sent not only to a shop owner and Kume Co., Ltd., but also directly to artists who designed the particular T-shirt. When, to a customer, the artist sends an e-mail saying, "Thank you for buying my picture on a T-shirt," it is the ultimate customer relationship management. Neither computer systems nor sales talks can compete against it.

For instance, an artist asks "How do you think about my picture on the T-shirt?" on the e-mail and a customer who got the e-mail from the artist replies saying, "I really like it. But green is better in the background than red," or "I would like another T-shirt with my Chihuahua drawn in this way." Then, new or fixed designed T-shirts are sometimes created based on these e-mails. Besides, in reality fixing can be done even in 30 minutes.

Then, they send e-mails back and forth, creating better or new designs. If an artist sends an e-mail telling, "This is my newest designed T-shirt for Christmas," to frequent customers, they are

thrilled to receive the seasonal greeting e-mail. That is better than e-mails from T-shirt Art Galaxy.Com Co., Ltd. or a shopping mall.

**Editor:** What role does T-shirt Art Galaxy.Com Co., Ltd. have in this process?

**Kume:** T-shirt Art Galaxy.Com Co., Ltd. produces custom-made T-shirts according to order e-mails received at a Virtual Franchise Shop. In fact, they currently use a later processing to print on a half-finished product in stock. After that, we send a finished product to an end user and collect a payment. Then, we pay royalties, which is already agreed, regularly to a franchisee, a shop owner.

**Editor:** You do not have retail business formally.

**Kume:** You are right. T-shirt Art Galaxy.Com Co., Ltd. is a mail-order sales agency in backstage. We are a backend work agency behind the mail-order sales.

**Editor:** Is it a kind of a wholesale trader, different from the traditional one?

**Kume:** Yes. You can say that. And you can also say that at last a maker becomes a subcontractor of an individual as well as a corporation.

**Editor:** A subcontractor of an individual.

**Kume:** It is a subcontractor of joint purchase by an individual, and furthermore, a subcontractor of joint production.

**Editor:** Is the production done by Kume Co., Ltd.?

**Kume:** Yes. Kume Co., Ltd. is in charge of production of T-shirts body and of stock. And since mainly copy print is used on original T-shirts, T-shirt Art Galaxy.Com Co., Ltd. does the printing job. Sometime Sanwa Printing Co., Ltd. prints for them, depending on a lot.

**Editor:** Therefore, T-shirt Art Galaxy.Com Co., Ltd. has partly a role of a maker as well, doesn't it?

**Kume:** Yes, it does.

**Editor:** How many Virtual Franchise Shops are there right now?

**Kume:** There are only several shops in the experimental stage. We need to clear some bottlenecks to run them.

I should have accelerated this business of the Virtual Franchise Shop two or three years ago. However, just then, business method patents are introduced in Japan. This prospect was very unclear, and there were some problems regarding this reported in the media. An Internet service provider was sued related to the business method patents. Responding to this patent system, I was busy applying for patents for what I was planning to do in the future, except for some plans publicly known already.

Besides, I have expected that the newest digital printing method would improve a little more. The newest digital printing method does not realize the productivity I expected yet. The digital

printing process is still so similar to so-called handcraft that it is not effective enough to take a mass production order.

Also, I found that we need an easy system using a Web browser, to open a shop even for those without programming knowledge. Many of current franchisees can use CGI (the Common Gateway Interface) by themselves.

**Editor:** What is the Common Gateway Interface?

**Kume:** It is a computer programming languages. HTML (Hyper Text Markup Language) is not enough to add a shopping cart system on your home page and send the data through the Internet. Therefore, in the present, only those who can program by themselves can be shop owners. It is very limited. It is, even on the Internet, rare to find people who have design sense in some successful degree and merchant's or Internet worker's sense in addition to the programming knowledge. Thus we can not increase the Virtual Franchise Shops in the current situation. Kume Co., Ltd., as an ASP, that is, application service provider, must make it easy to join for people, providing an easier system in inexpensive prices.

## **Sales of Original T-shirts as Business**

**Editor:** How much were the proceeds of T-shirt Art Galaxy.Com Co., Ltd. itself at the peak?

**Kume:** This fiscal period, the yearly turnover is around ¥ 70 million. It is still small.

**Editor:** How many employees do you have in T-shirt Art Galaxy.Com Co., Ltd.?

**Kume:** T-shirt Art Galaxy.Com Co., Ltd. has three full-time employees working, who are in their twenties, entering in the company as new graduates. Although it has only ¥ 70 million of yearly turnover, most of them are profits, conflicting with the existing channels. Its finance is in the black itself.

**Editor:** Is it already in the black?

**Kume:** Yes. Rather, T-shirt Art Galaxy.Com Co., Ltd. handles employees and invests at the even point of profit and loss.

**Editor:** Is the profit rate of T-shirt Art Galaxy.Com Co., Ltd. about 5%, same to Kume Group?

**Kume:** Kume Sen-i Group's ordinary profit rate is about 5%. T-shirt Art Galaxy.Com Co., Ltd.'s operating profit rate is about 38%. However, we use these profits to pay for patent applications, system development and advertisements. Thus its profit and loss end up being even.

**Editor:** In general, how many times of the price of ordinary T-shirts can an original T-shirt be priced at? I have heard that custom-made or recently popular consumer planned goods are priced at 1.5 times of ordinary ones. Listening to your story, it sounds more expensive.

**Kume:** Our original T-shirts are not so expensive. In a case of a team order, we take an order of even just one T-shirt. However, in reality most team orders are for 30 or 50 T-shirts. One order costs from ¥ 50,000 to ¥100,000. Converted into the cost per T-shirt, in fact an original T-shirt is often cheaper than a brand T-shirt which you buy at a store.

**Editor:** Then, an original T-shirt does not cost much.

**Kume:** No. When a customer finds that our original T-shirt does not cost much, sometimes, he or she change the order to domestic luxury T-shirts for designers, instead of cheap Chinese ones. In that case, the cost is a little higher. However, its cost performance is much higher as well.

Also, in T-shirt Art Galaxy.Com Co., Ltd. we see more orders for a custom-made body of a T-shirt, besides orders for printed original T-shirts. It is possible to take orders for a custom-made body of a T-shirt, partly because our factory has increased responding power to a small lot and partly because we can take more complex orders by phone or an e-mail. In this case, the price is also a little higher. However, customers are more satisfied and we can perform the extra merits of a maker's direct management.

**Editor:** I think that T-shirt Art Galaxy.Com Co., Ltd. has been growing in this way. You think that it will never surpass your primary business, don't you?

**Kume:** No, it won't surpass. It is sound that the proceeds of T-shirt Art Galaxy.Com Co., Ltd. should be around 10% of the ones of our whole group. In the customer portfolio of the entire Kume Sen-i Group, it is too risky for proceeds of one company to go beyond 10% of the ones of our whole group. T-shirt Art Galaxy.Com Co., Ltd. is not an exception. Although this retail by a maker, that is, SPA (Specialty stores of Private label Apparel) business seems, at a glance, fine with high profit, this business has high risk and high return. We should consider T-shirt Art Galaxy.Com Co., Ltd. just one type of trading with corporate customers in wide varieties of businesses.

**Editor:** Is 10% the number based on your experience?

**Kume:** Some consulting company advises that the degree of proceeds dependency per company should be less than 15%. We take this more seriously and insist that the upper limit is 10%. If proceeds of a company are just 10% of the ones of our whole group, we can manage an issue on cash flow in the case of sudden disappearing of the company's proceeds. Of course, before the sudden disappearance happens, we manage credits firmly and insure our businesses.

**Editor:** I would like to ask you just one more question in conclusion. Since you have changed T-shirt Art Galaxy.Com Co., Ltd.'s home page to a weekly magazine type of a web site, you have renewed its content every week. The home page has customer's comments, "T-model of the week" column which reports on general women, and a present for a model of the week. In order to keep its freshness, is it important for the home page to change content every time a customer visits?

**Kume:** I think so. Recently people tend to visit web sites less frequently so that it is important for us to keep the freshness of information to attract more visits, using outbound media, such as e-mail magazines.

In 1996 when I emphasized renewing our web site every week, I saw the result of questionnaires regarding this subject in "Nikkei Multi Media." According to the answers of the

questionnaires, people “would not visit a web site again after they visited the site which content was unchanged.” Therefore, I had reformed my home page to the one like a weekly magazine. However, in the present, information is overflowing on the Internet, and the word “net surfing” is already a dead word. Our e-mail boxes are always full. It might be more effective to send information from a friend. It will be more and more important for us to connect with key persons on the Internet.

Therefore, we need to reform our home page. For example, many innovators and leaders who used to use the Internet very heavily prefer profound knowledge, retrieving much information. For them, the current version of our T-shirt Art Galaxy.Com Co., Ltd. web site is better, since it is full of information. On the other hand, for many of those who became familiar with the Internet after early adopters, a simpler web site that is easier to understand may be better.

**Editor:** What was the biggest reason, in 1996 when you changed your home page which sent information as a leader to the one more interactive with customers? In short, what event did drive President Kume to reform the home page?

**Kume:** As I said before, I was greatly influenced by my experiences in daily e-mail “Engine Kimyo,” which has been sent to people in different types of business using mailing lists. Sending and distributing information on the Internet are different from ones in other existing media. On the Internet, the more information that is openly sent from me, the more information and people gather to me. Reading people’s conversations there, I found that people talked honestly from their hearts as ordinary people, not as information suppliers. I was surprised to see that on the Internet people talked evenly, regardless of an authority of a field or a beginner. Besides, few people gave sales talks. Those who have aimed to make their own profits on the Internet have been even eliminated from the e-mail community. Rather, those who have a sense to think something fun gain popularity. Thus no one will come to me on the Internet, if I wait for them coming with our company’s catalog opened..

**Editor:** You noticed this fact suddenly when you were surfing on the Internet.

**Kume:** Yes. And another big event, which made me reform the home page, was my experience as a prosumer.

Just after I entered Kume Co., Ltd., I took an order for a project to produce T-shirts for a customer who was a copyright holder on John Lennon. I admire him personally. My younger brother and I immediately introduced a Macintosh computer from Apple Inc. and started to design for the project on the computer. We obtained even Ms. Yoko Ono’s permission, and put a picture or an illustration of John Lennon together with my favorite phrases of his song as a message. Although, in retrospect it was a simple design, the T-shirts with our design were a big hit. I could design a T-shirt with a picture of one whom I respect. Those T-shirts with our design of John Lennon were on the market, and I met someone wearing the T-shirt on. In short, a T-shirt I designed was known to the world. I felt the best then. In any way, to have my original T-shirt makes me feel much better than to wear a T-shirt designed by someone else. This is the feeling of a prosumer.

In addition, since even my brother and I could design a T-shirt without special education on design, I thought that not professional designers, but those who love T-shirts, and have sensitivity and strong likes and dislikes, can design T-shirts as well. We can learn image processing, layout, lettering and colors, and polish our sense of design as we design more. I could see, within my reach, the world of people who can be prosumers without special skills.

While Kume Co., Ltd. proposes some designs on T-shirts, there are many maniac people who submit their own designs for DOG- T-shirts. It is more interesting for us to send T-shirts designed by those maniac people in the world. Many online T-shirts shops and designers we help sell T-shirts with excellent and unique designs. Probably, from the beginning they think not to have to sell their products to many people so that they can surpass professional designers. Also, some T-shirts are very popular with their designs touching people's heart, even though they are not sophisticated. These T-shirts could be created just because of the prosumer age and the Internet age.

**Editor:** People like amateur designs on these T-shirts.

## **Future of Kume Sen-i Group**

**Kume:** Amateur designs on these T-shirts arouse sympathy from many. However, people's sense of beauty will be sophisticated someday.

It is important for us to have a theme and community which arouse sympathy and cultivate each other. The connection to a prosumer leader in such an Internet community will be also important for us.

Therefore, after finishing experiments in T-shirt Art Galaxy.Com Co., Ltd., we are going to move to the next step. Since the middle of 2001, I have held a class on the way of e-mails and a gathering of web masters once a week. When home pages were made for Kume Co., Ltd. and Sanwa Printing Co., Ltd., we started these classes and gatherings mainly with those who were interested in becoming web masters. We have continued them which every employee had to attend as a rule. Of course I am a lecturer. And three employees of T-shirt Art Galaxy.Com Co., Ltd. who are in charge of online sales on the Internet talk about their experiences so that everyone can share and polish how to do business on the Internet.

Also, currently the web site of T-shirt Art Galaxy.Com Co., Ltd. put everything on it. Later, when each company of our group will have every business process digitalized, connected in our network, we are going to differentiate some functions which are currently in the T-Galaxy's site to other companies' site, and make the functions more specialized.

For example, for a professional corporation that wants to buy our plain T-shirts in stock regularly as a spot cash trade, Kume Co., Ltd. is going to prepare an interface form like an inventory chart. For printed T-shirts for a corporation, Sanwa Printing Co., Ltd. is going to offer more information helpful to the corporate professionals and take their orders. We want to classify the contents of our web sites according to targeting customers and our services, and change their content and appearance. Also we look for not only the Virtual Franchise Shops but also various types of partnership with corporations and individuals of different types of business.

**Editor:** Are these about the business of Kume Co., Ltd.?

**Kume:** These are about our entire group. In our group, any company whose resources match a customer's need can take a job. At a webmasters' gathering, I have said that the companies in our group can compete with one another. For instance, Sanwa Printing Co., Ltd. has customers, whether individuals or corporations, who want not only T-shirts made by Kume Co., Ltd., but also T-shirts made in the United States. Due to issues on credit and effectiveness, currently corporations tend to select suppliers and intensify relationship with few suppliers. On the other hand, we are going to offer even a competitor's products to our customers. Although Kume Co., Ltd. may not offer its competitor's T-shirts, a printing company can naturally print on T-shirts made by our competitors.

**Editor:** The "Askul Corporation" model can be applied in many stages of your business.

**Kume:** Exactly. Also, when a customer wants to customize even the body of a T-shirt, a maker, Kume Co., Ltd., had better take the order, instead of T-shirt Art Galaxy.Com Co., Ltd. Of course, a part of procedures of receiving and taking this kind of orders might still remain in T-shirt Art Galaxy.Com Co., Ltd.

At an interview, I have been often asked about competitor T-shirt shops on the Internet, saying, "Are you competing with them?" In fact, rather than competitors, other T-shirt shops on the Internet are our customers. T-shirt shops with the sense of an Internet merchant responding to customers' needs, or with the sense of sharp design can be our customers.

In the present, many T-shirt shops purchase standard goods, regardless of made in the United States, Japan or China, and process them to finish as their original products. However, in this way, they cannot easily show their uniqueness and are vulnerable to be involved in price competition, for people can know, using the Internet, wholesale prices of standard goods in stock. Therefore, once a T-shirt shop gains better ability to design and more customers, it should create its own original T-shirts. In order to create an original, we can make many differences on a T-shirt, such as fabric and its silhouette of your taste, details of the collar and stitches, and color variations.

Kume Co., Ltd. itself, as a maker, is required to have everything in stock. This is a limitation of a maker. It cannot compete against a T-shirt shop which appeals its uniqueness, such as only black T-shirts, only red stitches, valuable special name tags on the collar, etc. These unique T-shirt shops are not vulnerable to be involved in bogged price competition and maintain its profit rate. We want to provide manufacturing services to them.

Our ideal is that each of T-shirt lovers can have a web site, an e-mail magazine and a T-shirt shop. We do not have to classify employees, partners, or competitor web sites. Although it is impossible for each of the Japanese person, a hundred million people, to have their own T-shirt shop, we want to have a T-shirt prosumer culture grow in Japan so that people can create and exchange their original clothes, instead of national uniforms, or make T-shirt shops with their selected T-shirts. And Kume Co., Ltd. wants to be a subcontractor company providing unique products and services to a part of T-shirt shops around Japan.

Although Kume Sen-i Group itself needs to grow more toward this ideal future, we are going to hold a class called, "T-shirt School," in order to teach our knowledge to interested people. Not only design skills, but also knowledge on manufacturing and on e-direct marketing, and communication skills are required to increase attractive T-shirt shops.

Among T-shirt maniacs, many want to even grow cotton by themselves, going back to the beginning. When Ms. Kazumi Inoue of “Weekly Fashion Joho” proposed this idea saying, “Let’s make a T-shirt with cotton you grow,” many young people joined her. This movement is moving forward to be realized with the cooperation of Ms. Chieko Watanabe of Japan Organic Cotton Association. I would like to create T-shirts which reflect a face of a creator who not only designed it, but also grew its raw materials and sewed it.

**Editor:** I am getting excited just by listening to your story. I think that a society with many options is a very good society. Your company’s direction is in the same way to such a society.

**Kume:** In some sense, this is an opposite direction to the capital market. I think that, in Japan or the world, a society in which only same stores and products can be popular, is a dystopia. I want a society in which proud prosumers create, wear, sell, and buy various wonderful original T-shirts, in spite of small sales. This wish and dream of mine are my driving force and the core of my view of life.

**Editor:** Thank you for your time today, in spite of your busy schedule.

#### **[From Editors]**

The headquarters of Kume Sen-i Group is located in several minutes of walk from the north exit of Kinshicho Station on the Sobu line of Japan Railway. On the first floor, there is a showroom where some samples of original T-shirts are displayed. I also looked around their sampleroom where various kinds of T-shirts are preserved. Among them, I found T-shirts sold at a concert of Yutaka Ozaki, ones distributed at a twentieth birthday party of Rina Uchiyama, and familiar yellow T-shirts used in a television program called, “The 24 hours TV” by Nippon Television Network Corporation.

According to the explanation by President Kume, many companies in the textile business are located in Sumida Ward, Tokyo. It is like Ota Ward with factories of electronic industrial parts. In the present, Japanese textile business is in a severe managing environment due to the increasing import from China and specialty stores with low price sales, such as UNIQLO Co., Ltd. Under this kind of a situation, Kume Co., Ltd. has been soundly managed, with changes of its business contents.

We often see a major company that does not know which way to go facing the diversified market. Even though they have noticed the existance of diversified needs of customers, the market size is way too small for a major company. Then, who can satisfy the diversified needs of customers which look too small for a major company? Or, how can a company satisfy them and still make profits? President Kume’s ideas and thoughts give an direction to those questions.

Managing his company, he sharply senses the flow of the times, gets a certain business prospect in his mind, and clears hurdles on his way one by one. After I finished this interview with him, I had such an impression on Kume Co., Ltd. President Kume told us, “Five years later, Japanese society will accept what our company is promoting. It is now at a stage to raise people.” I hope that, in five years, Japanese society will really accept what his company is promoting, and it must do so. This interview made us hope like that. We want to cheer this

company up so that they can encourage small companies and offer diversified options to customers.