



Fig. 1. Components of the business model (sources: Yoshida, 2010).

2.2 Patterns as the second Kata of the Firm

The business model as the form certainly is more practical and specific than the philosophical term “the essence”, but it still remains at the more conceptual level relative to actual corporate activities. We use the business model to demonstrate whether or not a firm can generate new customer values and more managerial resources, if the conceptual elements of the model are put into more practical ones.

As the essence of the firm is “to amplify various values and resources in society by creating the three outputs such as customer values, value-seeking customers, and value-contained products and services,” there are four types of activities; value creation, customer creation, product creation (including development and production), and the resource amplification (i.e., increasing profit).

Based on how successful or satisfied the results produced from each activity are, people can decide which activity is the most valuable for them and, therefore, should be continued or not. If much better performance can be acquired through the continual reproduction of the chosen activity, it can become stylized by dividing it into smaller actions and recombining and arranging them in a temporally and neatly ordered chain-like structure to make it easier for everyone to reproduce them. They are usually called routines (Ikuta, 1978).

Routinization can gradually be promoted by the reproducibility and the efficient utilization of routines, which yield the desired results. Sometimes, it will be created through ex-ante design behaviors in a planned manner to reliably accomplish predetermined goals. We call this type of stylization of activities “pattern” (second Kata). The “pattern” is certainly a kind of activity, but it is different from the other activities in that it has been “stylized.”

We think that there are four types of patterns of firms. The first is the behavioral pattern of new value creation; the

second pattern is that of the incorporation of value into the real and specific products or services and of manufacturing them repetitively; the third is the construction of real markets through customer creation and the distribution of products and services to the markets; the last pattern is the stylized activity for resource management, which monitors and coordinates the above three patterns toward constantly generating profits.

2.3 Methods as the third Kata

It is certain the well-designed patterns are more persistent than one-shot activities that appear abruptly and then disappear instantaneously. On the other hand, it is tremendously difficult to maintain even such patterns unless they are repeated. This is why patterns have to repeat themselves in the process of generating actual activities even if they are consciously designed in advance. Therefore, the necessary prerequisite for their reproduction is the very implementation of the patterns or stylized activities. Once these activities are suspended, the restart or reproduction of these patterns may be extremely difficult. Certainly, some routines that were made through designing in advance may remain in blueprints or documents as written directions or procedures. It is often said that the written document enables us to understand how to ride a bicycle but not to actually get on it well by just simply following these instructions. They are two different actions. To be able to ride on a bicycle, we need to experience the process of trial and error, such as having a hard time trying to balance, or to make matters worse, crashing into a wall. This means that the persistent and correct reproduction of patterns is an indispensable condition of performing complicated organizational tasks completely and accurately. Of course, implementation is not the only way to maintain patterns. Sometimes, it is also possible to maintain them simply by observing others’ behavioral patterns.