



慶應義塾大学ビジネス・スクール

HONDA OF AMERICA

In 1986, Honda Motor Company, Ltd. surpassed Toyota as the top Japanese automobile seller in the United States with a total of 694,000 cars—458,000 from Japan and 235,000 made in the U.S. The following year, further solidifying its position in the U.S. market, Honda announced several ambitious plans including the building of a second factory in Ohio.

Honda of America Manufacturing Inc. (HAM) was established in 1979, began producing motorcycles in September 1979, announced plans to build an automobile factory in January 1980, and began auto production in November 1982. It was the first Japanese car maker to build passenger cars in the U.S. Since that time, other Japanese automobile companies announced plans one after another to make cars in the U.S., and it was expected that seven Japanese companies would be producing cars in U.S. plants by 1990. Trends of the U.S. car market and production plans of Japanese companies in the U.S. are shown in Tables 1 and 2. 10 15

As of 1987, Honda had more than 60 manufacturing bases (10 producing passenger cars) in 35 countries, with 31,000 non-Japanese employees, and 45,000 Japanese employees in Japan. In 1986, its sales of passenger cars totaled 1,370,000 with domestic sales accounting for 470,000 (35%), and overseas sales accounting for 900,000 (65%). Exports to North America amounted to 620,000 (45%), far larger than Japanese domestic sales. 20

In August 1987, HAM had 4,700 employees, 180 of which were Japanese expatriates. As the factory in Ohio expanded, executives of Honda were increasingly aware of the necessity of firmly implanting "the Honda Way"—its management philosophy and practices—as one important task facing them. 25

The management philosophy of Honda was based on a "Corporate Philosophy" and a set of "Management Principles" which were adopted in 1956, nine years after Honda's establishment (See Exhibit 1). On the basis of these documents, and through discussions between American employees (called "associates") of HAM, President of HAM Shoichiro Irimajiri, and other executives, the basic ideas of management and practices of HAM were brought together as "The Honda Way" (See Exhibit 2). 30

This case was prepared by professor Hideo Ishida of the Keio Business School in July 1988 as a basis for class discussion rather than to illustrate either the effective or ineffective handling of an administrative situation. Copyright © 1988 Keio Business School (Revised September 1988)