



Keio Business School

Sushi Zushi Inc. 2010 (B)

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A few days after the first executive team meeting on November 1, 2010, AI received the sales report for October. He was very pleased. With the addition of Rita and the strengthening of the accounting department, AI had never received a monthly report faster.

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But looking into the figures in more detail, AI could feel the color leave his face. The company was in the red in October. Up until now, the results had been so good. AI recalled his feelings on seeing the report:

“I felt like I had ruined a very profitable company. It seemed like the same thing that had happened in Mexico when I was younger.”

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Actually, for a while AI had felt that something was wrong. From the founding of the company, AI had used a cash flow management. But from around March 2010, he had had the feeling that something had changed and something was wrong. That was when he had hired a number of new executives, and he thought casually that this might be the reason. For the past three years, the company’s results had improved steadily despite the fact that AI had been in recharge mode and hadn’t been deeply committed to its management. But looking at the October results, and digging deeper into the details, he could see that the company’s performance had been going downhill since the summer.

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AI ordered his executive team to quickly come up with proposals to resolve the crisis. The team submitted a report after the middle of November which stated that AI should not have purchased his “Cadillac” (an analogy used to describe the high-salaried executives hired and the fact that the rising

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Katsuhiko Shimizu (Professor, Graduate School of Business Administration, Keio University) prepared this case as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

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