

Shinichi Ohkubo, President of Daihohs Corporation

人間発見 - Human Discovery -



People gather in a comfortable office.

Office Coffee Service (OCS) provides an aromatic cup of coffee from a machine placed in the workplace. Mr. Ohkubo founder of Daihohs, a pioneer in Japan, and has developed it into a global service company. His main strengths are his ability to take action and think out of the box, and his attitude of taking "business is done by people's heart" into practice. He is devoted to creating enjoyable and comfortable offices from the perspective of employees.

We struggled for a time with the increase of "Work From Home" due to the spread of Covid. Some large companies in central Tokyo still have a 10% attendance rate; the business of providing OCS and bottled water is down by the amount of reduced attendance. But in the fiscal year ending March 31, 2022, earnings recovered.

In addition to the service of providing coffee, tea, and water by machine, Daihohs has built its business with Clean Care, which handles hygiene products such as entrance mats and mops, and Coverall, a sanitizing cleaning service. Our strength is our comprehensive lineup of services that we can recommend to our customers.

Demand for the "nanoseed" air purifier increased rapidly due to Covid. In many cases, Clean Care sales members are also getting OCS contracts.

There is concern that people are "leaving from the office," but he is adamant that demand can still be tapped.

The reality of "Work From Home" differs greatly between urban and rural areas, and between large and small companies. Even during the Covid, sales in rural areas have been growing all the time. Even large companies in the city center are gradually trying to move their employees back to the office. There is a growing trend among such companies to create relaxed café lounges as part of their employee benefit programs. Premium-class Coffee Machines are being introduced there.

The Premium-class machines made by FRANKE of Switzerland cost several million yen each, and we often express as a "Rolls-Royce of Coffee Machine". A company that has installed one of these machines for rent later add additional one, creating a 10-minute line of employees waiting for a cup of coffee from FRANKE. The coffee costs 80 yen, or less than 50 yen, which is less than the 700-yen price of coffee at a café in town.

In the future, offices and other business establishments will no longer be places just to work. They should change into pleasant places where employees enjoy working and want to come. Otherwise, it will not be attractive to employees. We support creating of such places.

What we have been consistently engaged in is the business of creating ongoing relationships with business establishments and anticipating their needs.

I love to see the actual sites. I used to fly overseas for about 200 days every year, but during the Covid, I traveled only to domestic sites. I would wear our uniform and visit customers with my route sales reps. We also hear about franchisees who

have performed well. We can see with our own eyes not only their excellent customer service and work, but also the changing needs of their customers. I go to the actual site at 3:00a.m. in the morning. Maybe our clients don't know that I am the president of the company.

In my opinion, brilliant employees develop new customers and discover new demands. As they look around our clients' offices, they also find out what our company needs to develop. We recently entered into a capital and business alliance with a company involved in the rental of ornamental plants, and this was also from the discovery that our total office services should also provide enhanced greening to the office.

I am the eldest son of a rice merchant in Asakusa, Tokyo. My father was a businessman to the core. He taught me that "business is not done by logic, but done by people's heart." He told me that in order to attract the hearts of customers, you must always be close to them and do what makes them happy. As long as you build this kind of relationship, customers will eventually help you. That is why we do not go on the offensive for business entertainment. We do not have any transactions that require special entertainment.

History/Profile of Shinichi Ohkubo

Born in Tokyo in 1941, he graduated from Chuo University in 1963 and joined Yomiuri Advertising. In 1967, he began studying distribution industry in the U.S. and Europe, and returned to Japan in 1969 to establish Rice Shop Ohkubo (current: Daiohs), which Ohkubo is president, became a pure holding company in 2000.

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While a student at Chuo University, he became the President of the All-Japan Student Photography Association. Photography is still his hobby.

Born in Asakusa, Tokyo, the year the Pacific War began, he was temporarily evacuated to his father's family in Tochigi. He returned to Tokyo when he was in the second grade of elementary school.

The Asakusa Elementary School where he entered was surrounded by piles of rubble. I well remember the scene of dugout huts standing side by side along the Sumida River.

After serving for 10 years, my father opened a rice shop behind Asakusa Kannon (Goddess of Mercy) as a goodwill share before the war. He loved his work and disliked studying. On the other hand, my mother, who was born in Asakusa, was a studious person who also attended a women's high school.

I helped with the family business from the time I was in elementary school. When customers called me in the middle of the night to tell me that there was not enough rice for the next day, I would deliver it for my father, who had been drinking in the evening. They would appreciate me with a truly heartfelt "thank you". This made me very happy. After graduating from junior high school, I was supposed to go to Osaka and take over the rice shop. At the time, I took it for granted and attended an abacus school, although I did not study.

However, when I was in the third year of junior high school, my mother began to insist that I take the entrance exam for high school. Someone I met at a parent-teacher association at the junior high school I attended told me that it was better for a child to have at least a high school diploma, and I was inclined to do so. My father was against it, but as a compromise, he said that a commercial high school in Tokyo with low tuition fees would be fine. My mother told me for the first time that I should study.

Ohkubo studied hard for the entrance exam and entered Kyobashi Commercial (now Harumi Sogo High School). This was a turning point for Ohkubo.

I was good with numbers, and when I took my first bookkeeping class, it was very interesting, and I was always in the top class at school. I started a photography club, which was boom at the time, and was promoted and became the chairperson of the student council.

When I learned that the vice principal was taking bribes from a seaside school, I denounced him at a student council meeting. The vice principal reprimanded me, saying, "If there are students like you, no one will get a job at Mitsukoshi. Then I said, "I'll get in," and I took the job and received an offer. If you try for it, you can do it. That gave me confidence.

After graduating from high school, I was going to head to Osaka for further training. But gradually, my ambition began to grow. I wanted to challenge myself to go on to university. I did some research and found that Chuo University's economics department had bookkeeping and mathematics, which I was good at, as subjects for the entrance exam. I thought that if I got a perfect score in these subjects, I would be fine. My father seemed to think that I would never get in, but I passed. My father was disappointed. He said, "The family rice shop will be closed after my lifetime." He seemed to have given up on the idea of succeeding me, and he paid my tuition.

However, Ohkubo was very interested in business. He also had a strong desire to go overseas.

Around the time he entered school, there was a section in the Nihon Keizai Shimbun introducing the retail and distribution industry. There were success stories from all countrywide, such as Okadaya, now part of the Aeon Group, and the housewife's store Daiei, and I devoured them and clipped them out. I was also greatly inspired by articles on overseas business in specialized magazines.

I also joined the photography club at university and became the President of the All-Japan Student Photography Association. It is a large organization with 70,000 members. This was the time I became aware of my ability of leadership. The chairperson of the committee visited member schools across the country, and I took clippings of articles with me and went around to see the sites of prosperous stores. I would come up with my own reasons for success, but it was more important for me to go to the actual place rather than finding logical reason about it.

I want to do my own business. I want to go overseas. This ambition grew stronger, and I thought about working for a trading company. But I was not good at English, so I kept getting rejected. Eventually, I got a job at Yomiuri Advertising, and I thought that marketing would be important in the future, so I joined the company.

In the 1960s, the Ministry of International Trade and Industry (MITI) was holding a study session with the aim of fostering chain stores in Japan. Twice a year, managers of voluntary chains (a chain organization of independent retailers) and joint stocking organizations from overseas were invited as lecturers. I attended every one of these and listened at the front row.

After the lecture, I would go to the manager and ask him directly. "I would love to have a training program at your company." Back then, it was a time when it was not possible to travel abroad freely. I was not permitted to go abroad unless they invited me.

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In Europe, I got training at EDEKA, a supermarket in West Germany.

Ohkubo went to the U.S. by himself for his long-cherished overseas training program. Spent two years selflessly following his curiosity.

After asking the manager of an overseas distributor who came to lecture at a MITI study session, he finally received an invitation from one of the companies to "come to our company. The MITI section chief gave me a boost, and Mr. Choji Kuramoto, the chief editor of "Shogyo Kai" introduced me distributors in the U.S.

I spent the last two years of my four-year tenure at Yomiuri Advertising working hard to learn English, which I was not very good at, by watching NHK TV and radio English conversation programs, attending YMCA English conversation school, accepting foreigners for homestays in Japan, and giving weekend tours of Tokyo.

Then, in 1967, at the age of 26, I left my job and went to Overseas for training. Action is the only way to go. I was also influenced by Minoru Oda's book, "Let's Look through Anything". That book gave me confidence in my own challenge.

It is a journey of about 10 days in a room at the bottom of a cargo ship. When the monthly salary at Yomiuri Advertising was 30,000 yen, the one-way air fare costed four times of my monthly salary. The bottom of the ship was two months' worth of my monthly salary. In fact, my first son was born while I was preparing to go to the US. I had no choice but to ask my parents to take care of my wife and child. So I promised my father that I would study retail and distribution and when I returned home, I would take over the family business and make it the best rice shop in Japan. I was serious about this. My father also paid the travel fare.

The training was a combination of practical work and observation

The first place I went to was CGC, a voluntary chain (a chain organization of independent retailers working together). While working for a supermarket affiliated with CGC and receiving a salary, I went to Macy's, a department store, and Southland, a 7-Eleven, and listened to what they had to say at their headquarters and inspected their stores.

I made three pledges during my overseas training. Not to meet Japanese people. Not to eat Japanese food. I would stay with a host family. This would be inexpensive, and I would be able to get used to the local people and lifestyle. I was not at all worried.

After my training in the U.S., I next traveled to Europe. While working at EDEKA, a supermarket in West Germany (at the time), I made a tour of the distribution industry in various countries. I had intended to stay in Europe for three years, but my parents and wife repeatedly urged me to come back soon, so I had no choice but to leave after two years.

After returning to Japan, Ohkubo established Rice Shop Ohkubo Ltd.

I promised my father that I would take over the family business. During my overseas training, I kept thinking, "How can I develop my family business into the best rice shop in Japan?" There is a limit to just selling rice. At that time, rice dealers had a defined business area and could not sell rice to customers in other areas.

We wondered if we could increase sales by taking advantage of the functions of both asking for help and making deliveries. The idea was to create a "delivery supermarket. We could purchase products other than rice in bulk, like a voluntary chain, and deliver them to customers upon order. With the cooperation of an association of rice dealers, I started a delivery supermarket with a young businessman in Tokyo.

Customers were extremely pleased. At that time, soy sauce and oil came in one-bottle bottles, so it was difficult to buy them and take them home. We kept our prices the same as supermarkets, so shopping was easy and inexpensive.

But the profit was small. Most of the products we handled were the supermarket's featured items, so the margins were thin. So we needed new products that would differentiate us from the competition. At that time, we were approached by DUSKIN, which was increasing its franchise chain. The supermarkets could not handle the company's chemical cloth because they required an explanation of their use. Since it is not rice, we thought we could sell it outside the area.

However, when we joined the chain and tried to sell to customers outside the area, we received fierce opposition from rice dealers there. At this rate, it would be difficult to sell to households. Fortunately, DUSKIN had some products for commercial use. So, we tried to sell our products to offices that were not bound by any area boundaries. This was the beginning of the world of commercial use that has continued to this day.

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Address to the national convention of the OCS chain organization to commemorate the 20th anniversary of the company's founding

We achieved early results in the commercial business as well.

I went around to business establishments by myself and found the tips to selling this way. So I decided to launch a sales offensive by recruiting part-time student workers. When I set up a performance-based salary system in which hourly wages would increase if students worked hard, it attracted a tremendous number of people.

Sales increased, and excellent people came even more to our company by spread of reputation by mouth. Six years later, our sales ranked first among all DUSKIN franchisees in Japan.

It was around that time. My father said, "I thought you promised to be the best rice shop in Japan?" So I thought hard and joined the franchise of Kozo Sushi, which was aiming to become the No. 1 restaurant in Japan. We opened more than a hundred restaurants, and the amount of rice we handled increased significantly. Later, when our company was listed as public over-the-counter, we gave up this business and became disconnected from rice, but my father was happy because we had fulfilled our promise in a different way.

We became the number one franchisee in Japan, but we were not yet satisfied.

In order to have the talented people who joined the company play an active role, I wanted to start a franchisor business in which we would recruit franchisees. What kind of products would not compete with DUSKIN? We came up with Office Coffee Service (OCS), which we saw in the United States.

Regular coffee was booming in Japan as well, triggered by the entry of McDonald's a few years earlier. I had a gut feeling that the age of coffee was coming for office beverages, which had been limited to tea. We could also take advantage of our growing number of business customers. I am not an expert in coffee, but I have always liked coffee.

Now I am going back to the U.S. to study. I sent out many letters to successful companies, and eventually received a reply from a company that was from one of the largest companies in the U.S., saying that they would be willing to visit me. I accompanied the local salespeople and learned about their business model and sales approach on the spot.

Furthermore, I invited the owner of the company to Japan and entertained him. The owner returned to U.S. and spread the word by word of mouth to his peers, saying, "That company is welcoming you." It became easy for me to make appointments, and I visited the U.S. three or four times a year.

In 1977, Ohkubo launched Japan's first OCS business.

The machine at that time was a type that extracted several cups of coffee into a decanter. We thought about importing a machine made in the U.S., but the voltage was different, so we had to modify it. But the cost is not suitable. In Japan, they could develop and manufacture from 2,000 units. From the beginning, we envisioned a franchise system, so we decided to make our own original machine. Once we decided to do it, we had to finish it.

DUSKIN's top-class franchisees also raised their hands and said, "If Mr. Ohkubo is going to do it, let us do it together," and joined us. Customers from the commercial business also signed contracts one after another, and the new business got off the ground.

When we started OCS, we changed the company name to "Daioh" the previous year. We wanted to become a company like Daiei, the number one retailer in Japan. Because in Japanese letter, next letter after "E(エ)" is "O(オ)". There is another meaning to the name, and that is the combination of the phonetic and Kun-yomi readings of the "大 (Phoetic=**Dai**/Kun-yomi=**Oh**)" in "Ohkubo". It was in 1983 that we changed the name to the current "Daiohs." In 1978, we established a franchise chain organization.

In 1978, we established a franchise chain organization, and in 1980, with the cooperation of Mitsubishi Corporation, we opened the Tokyo PD Center, where we roast our own procured beans. With this, a system directly linking production and sales was established. We also took a variety of PR measures, such as using a cup car with a model of a coffee cup in the sales car, and using the famous illustrator Harumi Yamaguchi.

A turning point came in 2000. Price competition in the commercial clean-care business was getting tougher, and DUSKIN's business was becoming unprofitable. Soon DUSKIN itself started OCS and became a competitor. So we decided to leave the chain and develop our own clean care business. This marked a milestone in our transformation into a comprehensive office service company.

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I am confident in my health to support my ability to take action.
"I have never seen a doctor."

With the Office Coffee Service (OCS) business on track, he is now ready to realize his dream of "someday doing business overseas."

I wanted to challenge myself in the United States, the home of OCS. I had a strong desire to do so, but there was no way I would succeed if I suddenly set out on my own. In 1977, when OCS started in Japan, I became a full international member of the National Office Coffee Service Association and started gathering information. I traveled to the U.S. several times each year with my manager to interact with local companies and expand my network.

After all, in the service industry, it is better to take a local approach, leaving the responsibility to those who know the country well. In the case of the U.S., there is pride in the home country, so the Daihō brand cannot be imposed. So we decided to acquire a local OCS company, even if it was expensive, and make it the core of our business.

In 1988, we established a local subsidiary, Daihō USA. The first company we acquired in Los Angeles was a major company in the Southern California area and had received an award from the National Association. We acquired local companies one after another, with the manager of the Los Angeles company as our "reaper".

First, we established a foothold in the Los Angeles area and became number one, then San Francisco, then California, then the number one on the West Coast, and so on, expanding our business step by step. It wasn't until 20 years after entering the U.S. that we crossed the Rocky Mountains to the east.

Today, Daihō USA operates in 25 states and is number one on the West Coast and number three in the United States. Our U.S. expansion plan has been revised due to the Covid, and we will rebuild firmly by 2026.

Also expand our business in Asia, starting with our entry into Taiwan in 1999.

Different from the U.S., there are no OCS companies to be acquired in Asia. We formed partnerships with companies doing BtoB business locally and built up our business for offices from scratch. Even with Covid, Singapore and Malaysia have grown by double digits. This has proven that there are numerous demands in Asia. They keep selling us air purifiers and other products.

The fundamentals are the same in overseas business, and the most important thing is a relationship of trust. I am now leaving the domestic business to my excellent employees and making efforts to visit overseas and build a network. Now that the Covid has settled in, I went to Dubai in January and then to the United States.

The integration of services for offices is still in its stage of developing.

When I started my water dispenser business in 2000, large bottled water was not yet available in Japan. The general view in Japan was that water purifiers were sufficient, but I was convinced that the age of bottled water would eventually come to Japan, just as it had in the United States.

In 2003, we added Coverall for regular cleaning and other services for business establishments one by one. There may be more areas to be added, but we do not do "high-stakes" business. Rather, we will keep the feet on the ground and develop our business step by step. Our listing on the First Section of the Tokyo Stock Exchange in 2007 was the result of such accumulation.

The idea is without leaving Rich field to the descendants, and after the division of property, if anything happens to me, all my assets will be transferred to the Daiohs Memorial Foundation, a charitable foundation that handles educational and other projects. I am now over 80 years old and have told my eldest son, vice president of the holding company of Daiohs that he can succeed my position at any time. But he says you should not quit while you are healthy. He says, "I'm sure if you quit your job, you will get old."

Ohkubo takes good care of his health, going to bed at 9 p.m. and getting up at 3 a.m. 365 days a year. He walks an average of 15,000 steps a day. My wife is a management nutritionist, so she is reassuring. When I was in my 50s and 60s, I traveled abroad twice a year to countries she wanted to visit. The best was Bhutan. We chartered a local guide and had a homestay there.

I have only built up my business as an extension of my family business. If I were younger now, what kind of entrepreneurship would I like to do? I would probably still be in the business of make a lot of unspecified number of customers.

(Akira Naide was in charge of this series)