



Why Innovation Initiatives Become Isolated in Japanese Organizations

The Real Challenge Lies Beyond the Innovation Method

"Create an independent unit to pursue innovation, and new opportunities will follow."

"Introduce Lean Startup, and new businesses will emerge."

Many Japanese companies have pursued innovation based on these assumptions. Yet such initiatives often fade away before delivering meaningful results. Some lose momentum when they are reintegrated into the core business; others lose support from headquarters even as they begin to show results. Such outcomes are far from unusual.

The underlying problem often lies not in the innovation method itself, but in the close-knit, village-like structures that characterize many Japanese organizations. Within these structures, independent initiatives can struggle to gain acceptance and achieve lasting impact.

Like outsiders entering a close-knit village, these initiatives remain disconnected from the organization's existing relationships, resources and capabilities. Without stronger connections to the broader organization, even promising initiatives can remain isolated.

This is how innovation initiatives can gradually lose momentum and eventually disappear within Japanese organizations.

The Strength of Japanese Organizations Lies in Connection, Not Disruption

It would be premature to attribute the innovation challenges facing Japanese companies simply to organizational insularity or a lack of Western management practices. In fact, one of their greatest strengths lies in the depth of the relationships they have built over time.

Today, competitive advantage depends not only on creating better products or richer customer experiences, but also on connecting diverse stakeholders and enabling them to create new value together. This is where the concept of **creative integration** comes into play.

Creative integration is the process of generating new value by combining existing resources, relationships, and capabilities. It brings together people across functions with different perspectives and objectives, allowing them to combine their knowledge and strengths in ways that create possibilities neither could achieve alone.

The close-knit relationships that characterize many Japanese organizations are often viewed as a source of rigidity. Yet these same relationships can enable collaboration rooted in shared context and trust. Rather than

dismantling existing organizations in pursuit of innovation, Japanese companies can build competitive advantage by leveraging their existing strengths and strengthening connections through creative integration.

Building Innovation Through Small Wins

How, then, can creative integration be put into practice?

The key is not to transform the entire organization at once. It begins by addressing a specific challenge, creating a small but meaningful success, and using that success to build broader collaboration.

One company, for example, struggled for years with conflict between its product development and sales teams. Product development blamed sales for failing to sell its products, while sales insisted that product development was failing to build products the market actually wanted.

The turning point came when a competitor's new product rapidly captured market share. Faced with a shared sense of urgency, the two teams sat down together for the first time to address more fundamental questions: What value should the company create? Which customers should it serve? What kind of experience should it deliver?

Those conversations began to break down the traditional boundaries between "those who build" and "those who sell." By integrating perspectives that neither team could have developed independently, they developed a new product that went on to gain strong market acceptance.

Creative integration is not about redesigning organizations overnight. It begins when people from different functions come together around a shared challenge, develop new relationships through continuous dialogue, and combine their different perspectives to create new value. As those practices spread, they begin to reshape not only relationships across the organization, but also how the organization approaches value creation itself.

Innovation in Japanese companies grows by building on existing relationships and connecting small successes to broader organizational change. Over time, those small successes gradually reshape how people collaborate, how value is created, and ultimately how the organization evolves. That is how creative integration can turn isolated innovation initiatives into broader organizational change.

How IGPI Can Help

Innovation rarely succeeds in isolation. The real challenge is turning promising initiatives into capabilities that transform the broader organization.

IGPI works with management teams to translate creative integration into practice by connecting people, capabilities, and local successes across the organization. This enables innovation to extend beyond individual initiatives and become a lasting source of competitive advantage.

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After joining Cap Gemini and Coca Cola, Kohki joined Revamp Corporation where he managed projects on global expansion and turnaround in various sectors including F&B, healthcare, retail, IT, etc. After joining IGPI, he has managed projects mainly on global expansion and cross border M&A in various sectors such as logistics, IT, telecom, retail, etc. In addition to his broad experience in implementing solutions that has been developed in Western countries, he has developed multiple methods to turnaround Asian companies with focus on setting clear vision and employee empowerment. Kohki has proven the practicality of these methods by turning around Asian companies not only as an advisor but also as senior management.

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