



The Essence

Think Deeply
Value and Product

The world does not understand what essence is.

What is essence?

The background features a world map on a parchment-like texture. On the left, a silhouette of a philosopher stands with one arm raised. On the right, a silhouette of a businessman in a suit stands with his hands in his pockets. Below the philosopher is a silhouette of a classical building with columns. Below the businessman is a silhouette of a modern skyscraper. A large blue arrow points from the classical building towards the skyscraper.

A Mystery from
the Era of Ancient Greek

Everyone feels
essence is extremely important.

However,
neither schools nor companies
teach what essential is.

Lecturer: Hironobu Yokota

Biography

- Outstanding "derukui (nail that sticks out)" during Sony's growth period, when Sony used to welcome derukuis.
- The pioneer of the early SCM innovation in the world and at Sony
- After Sony, worked at several leading global consulting firms: PwC (Senior Director), IBM (Associate Partner), and Cap Gemini E&Y (Vice President).
- Led a highly successful SCM project that became an NHK (Japanese public broadcasting station) special program.
- Representative of Derukui Company since 2004
- Launched The Essence-Based Innovation Training in 2014.
- Member of the Philosophy of Science Society, Japan since 2021

Writings

<Books>

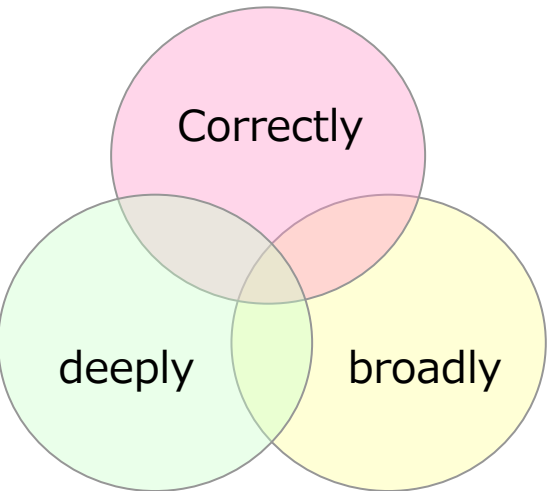
- "The Disease of Ordinarity That Ruined Sony" (2008) : No.1 overall on Amazon Kindle in Japan, bestseller with 100,000 copies sold
- "Derukui's Essential Thinking - A way of thinking that goes beyond GAFA -" (2019), No.1 on Amazon "Management Science" in Japan
- "How to create innovations" (2020), No.1 on Amazon "Management Science" in Japan

<Columns>

- Nikkei Monozukuri : "The Era of Nurturing Derukuis (February to June 2015)
- Nikkei Monozukuri : "Customer-oriented manufacturing pioneered by Derukuis" (February to June 2016 issues)
- Nikkei x TECH : "The Eyes of the Derukui Consultant" (May 2015 - May 2016)
- Diamond Online : "Why Does Your Company's Product Value Not Resonate with Customers at All?" (March 2017)
- Nikkei x TECH : "AIBO has arrived! Has Sony Conquered the Disease of Ordinarity?" (January 2018)
- Nikkei x TECH : "The Eyes of the Derukui Consultant II" (April 2018-September 2018)

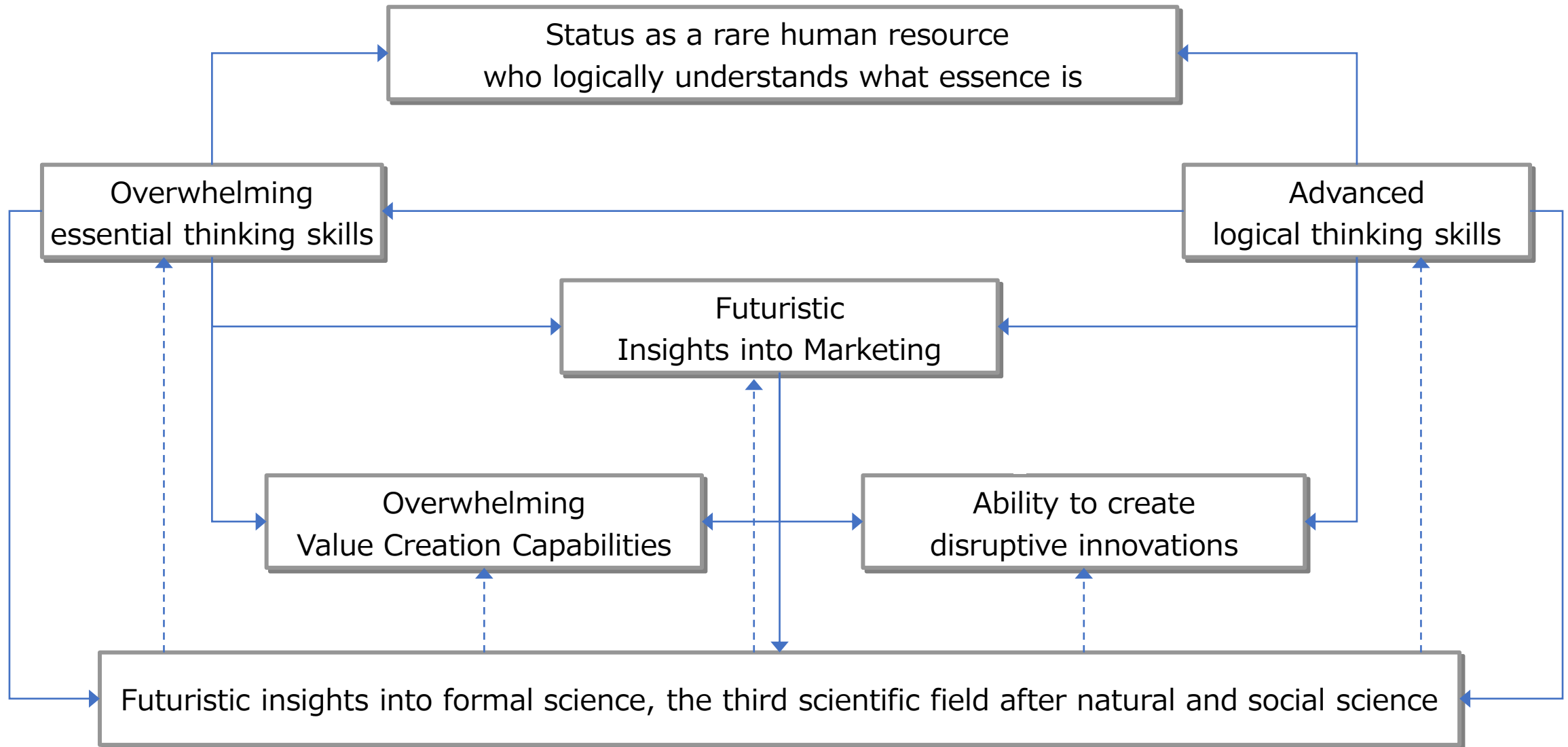


Lecture Structure



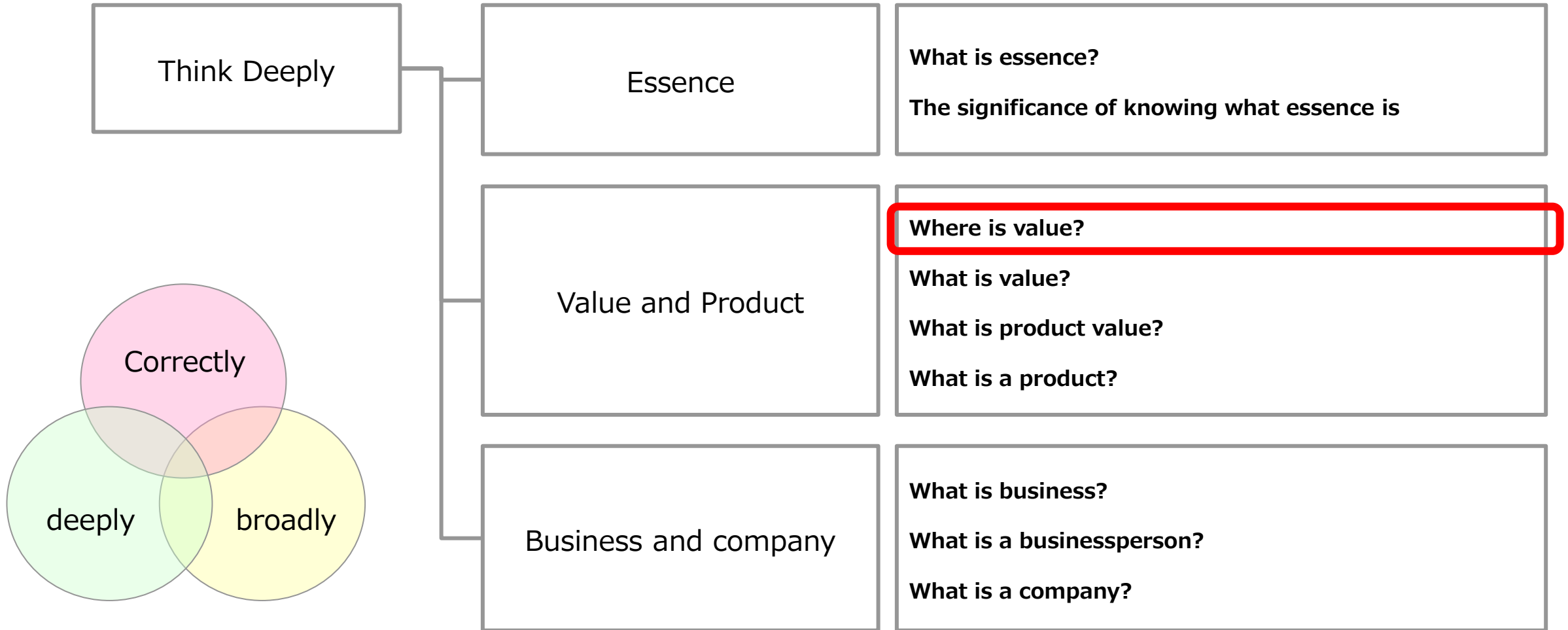
Think Deeply	Essence	What is essence? The significance of knowing what essence is
	Value and Product	Where is value? What is Value? What is product value? What is a product?
	Business and company	What is business? What is a businessperson? What is a company?
Think Broadly	Intelligence	What is data? What is information? What is knowledge? What is thinking? Formal Science
	Emotion	What is emotion? What do people live for?
	Goodness and Correctness	What is goodness? What is correctness?
Think Correctly	Logical Thinking	What is logic? What is logical thinking?
	Customers and Markets	Who is a customer? What is the market?
	Society and Economy	What is society? What is Economy? Partial Optimization and Overall Optimization
	Dream	Ultimate product strategy Earning power of dreams

What you will gain through the lecture.



Think Deeply
Value and Product

Where is value?



[Where is value?]

The world doesn't understand where value physically is.

"Where is value?"

Answers from 1,000 businesspeople (DERUKUI COMPANY's survey)

* single-number answer

**In a thing that
a person feels value**

**70
%**



**In a space between
a thing that a person feels value
and the person**

**20
%**



**In (the head) of a person
who feels value**

**10
%**



Everyone answered without confidence.

(Only 5% of them were able to show their rationale regardless of whether it is correct or not.)

[Where is value?]

Think about where value is!

Every businessperson is providing value to customers and earning money.

However, most of them don't understand where value is.

Let's

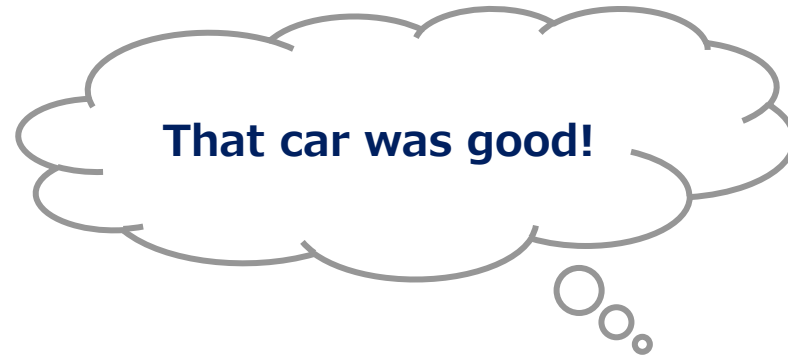
Think!

[Where is value?]

Hint: Even if a thing a person feels value no longer exists, they can still feel value.



Old beloved car
(now scrapped)



[Where is value?]

An answer: Value is in the head of a person.

Answer

A person can feel the value of a thing that they once felt value, even if it no longer exists, as long as they have the memory of it.



This fact cannot be explained unless we consider that value is in the head of a person who feels value.



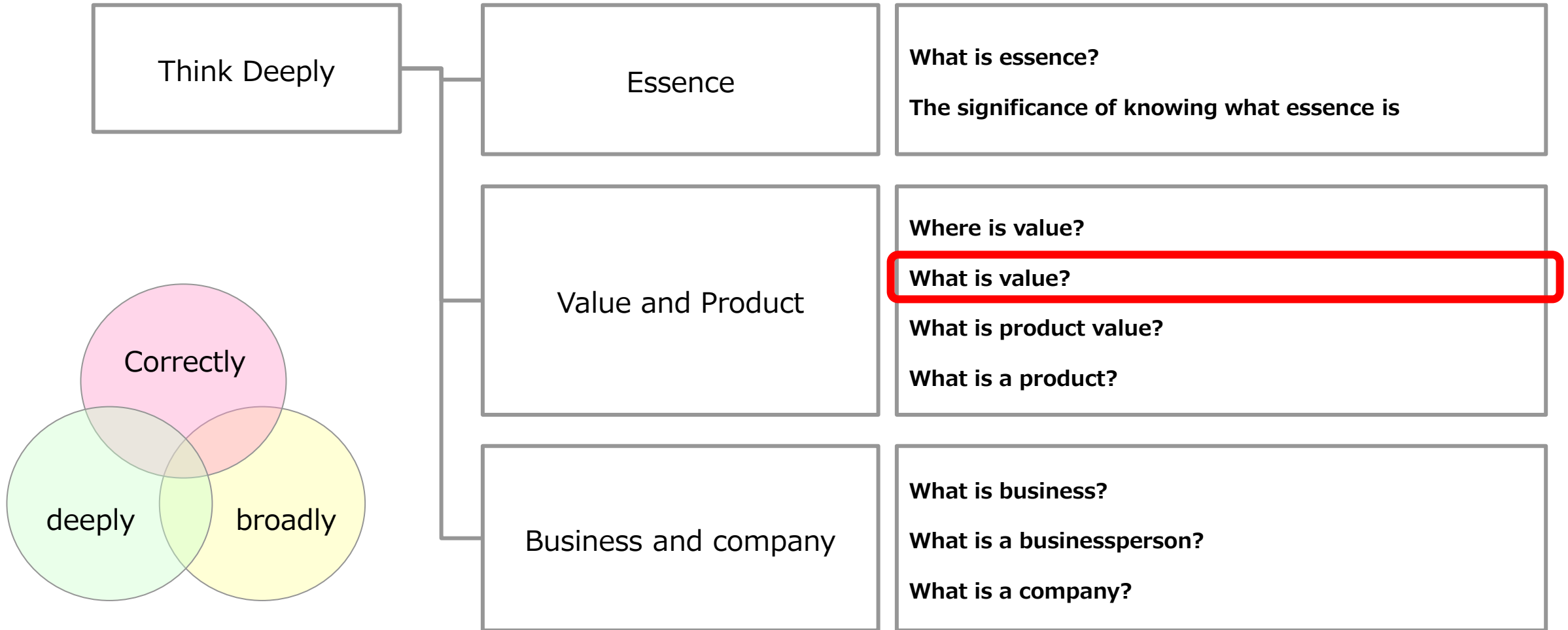
Value is in the head of a person.

[Where is value?]

Suppl.: Examples of a viewpoint that rationale is based on for value being in the head

	A thing a person feels value	Value
Presence or Absence * Shown as the hint	Absence	Presence
Same or Defferent	Same	Different
Not nchange or Change	Not change	Change

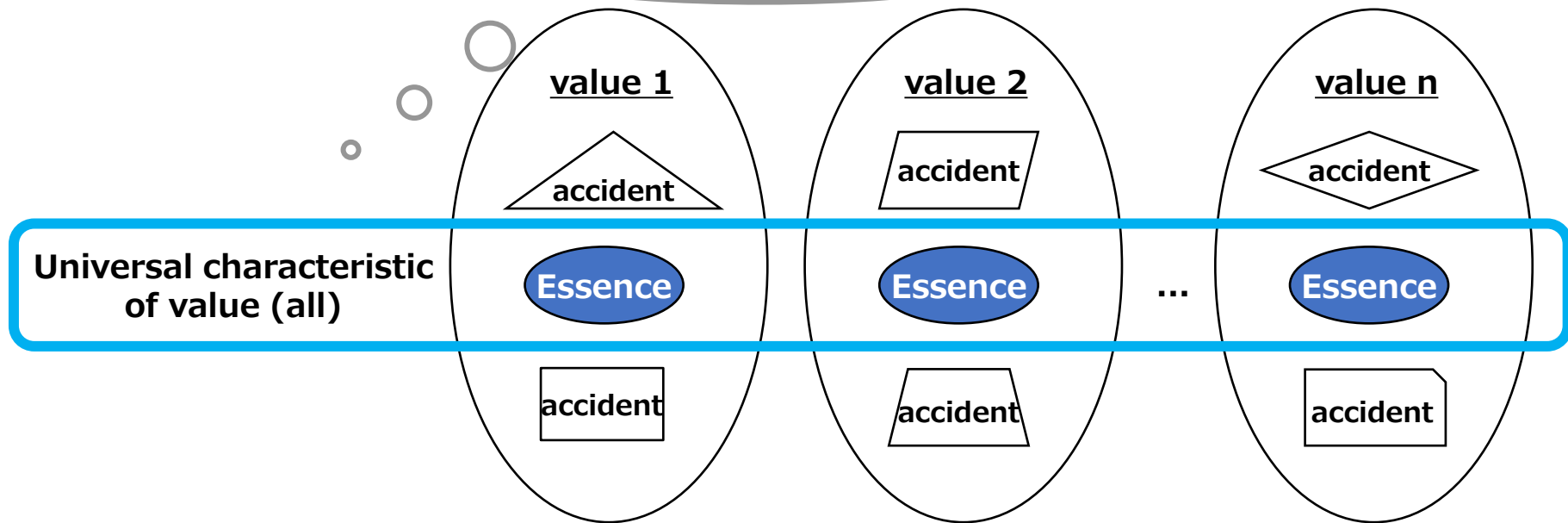
What is value?



[What is value?]

The world does not understand what the essence of value is.

There is no established theory
as to
what attribute is common to all of value and not common to all other things.



[What is value?]

The world does not understand what value is.

A collection of businesspeople

Enterprise

A person who does business

Businessperson

An activity that creates product value

Business

A thing that creates product value

Product

A type of value

Product Value

~~value~~

Specify

~~Essence of value~~

What many geniuses in history have considered to be value are only pseudo value.
(Kant, Adam Smith, Marx...)



What the world considers to be value is pseudo value.

The world does not understand the essence of value.

[What is value?]

Let's think what value is!

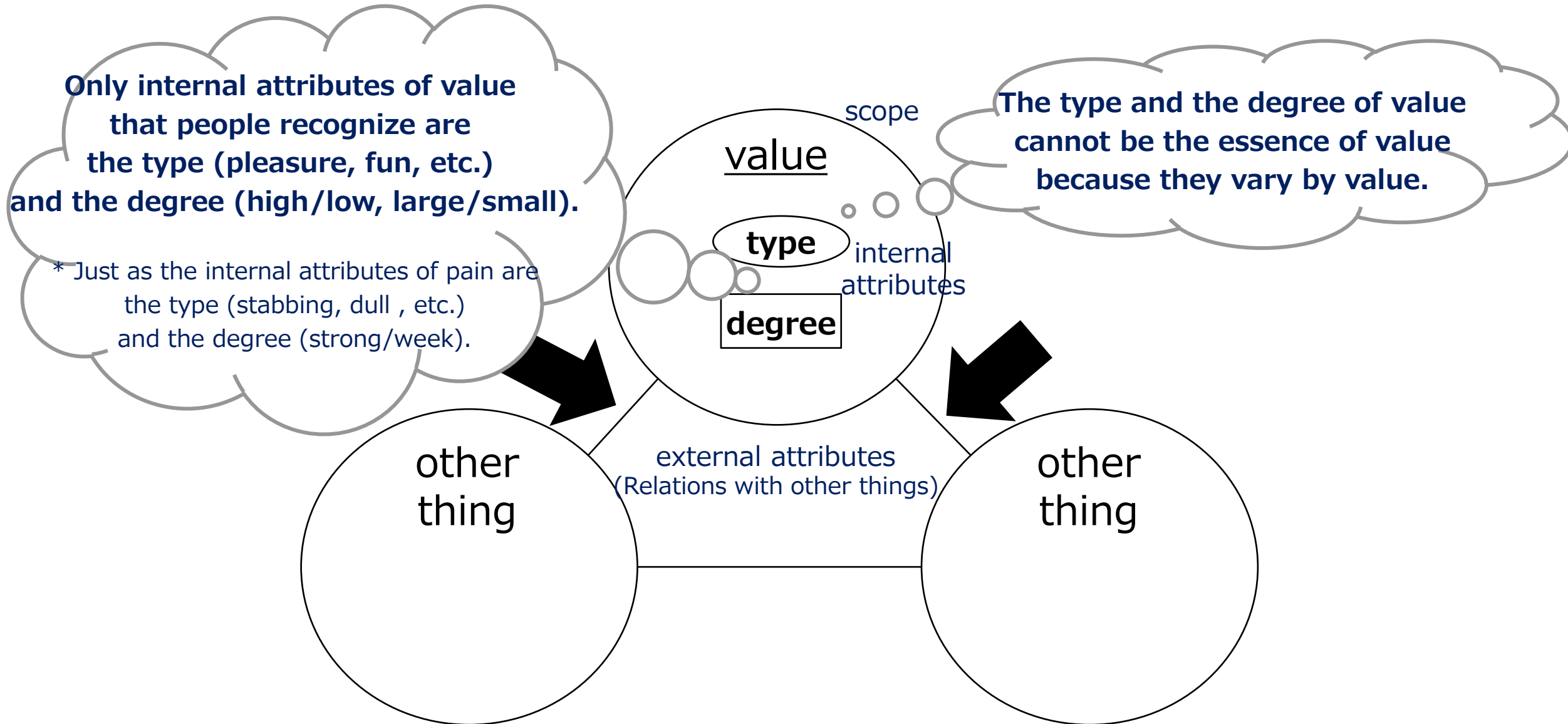


Let's

Think!

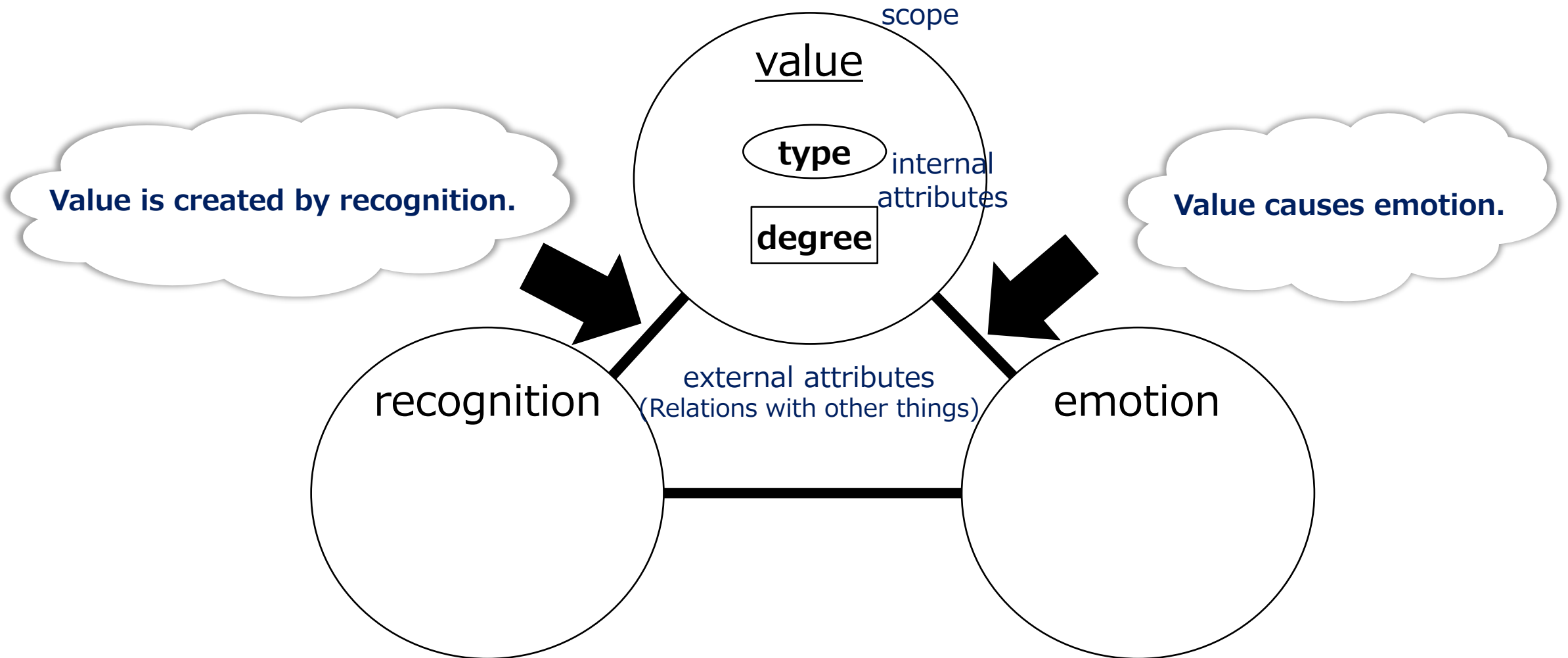
[What is value?]

Hint: The essence of value cannot be found in internal attributes.



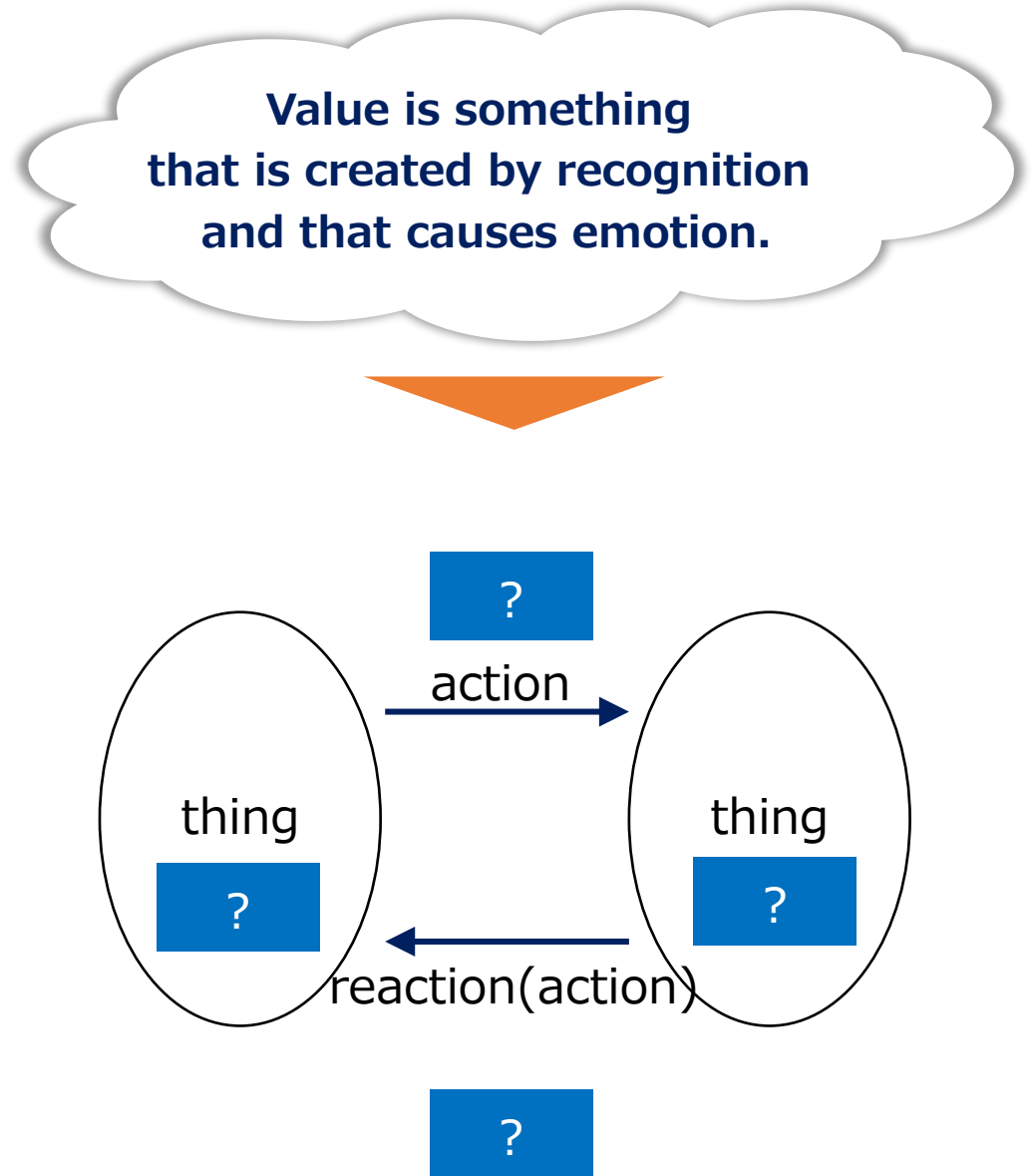
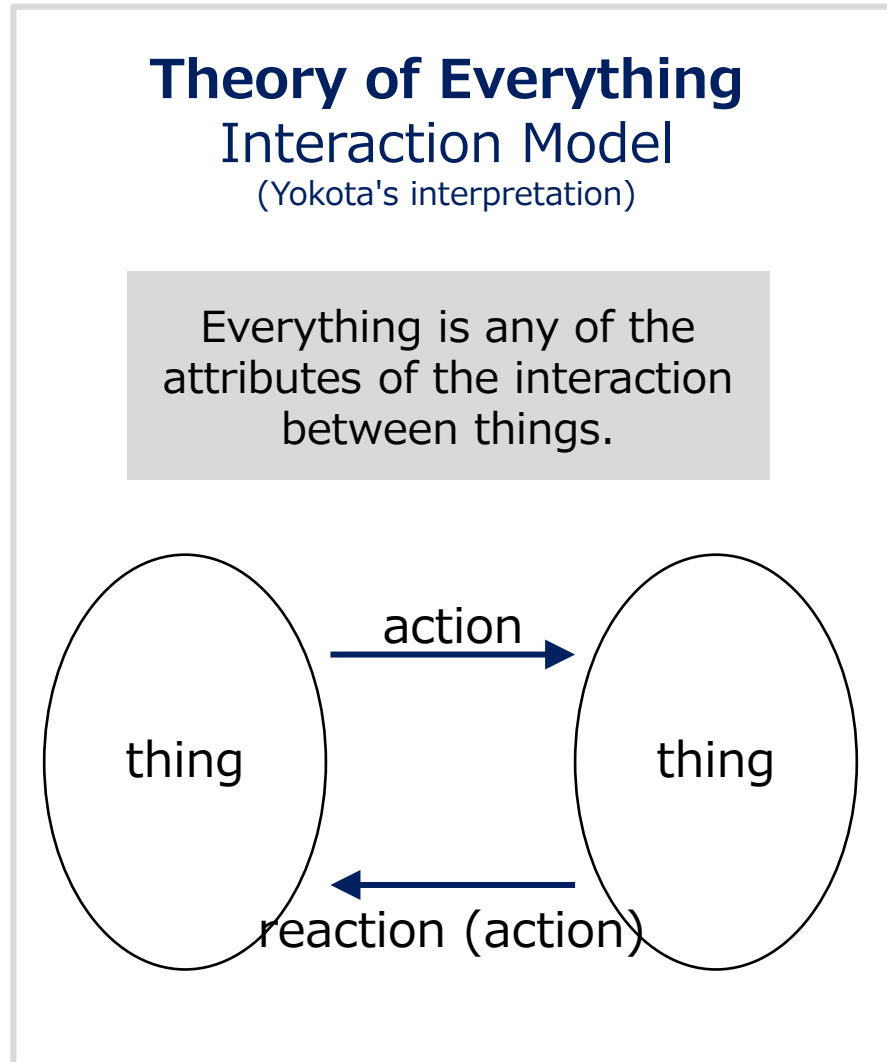
[What is value?]

Hint: Value has relations with recognition and emotion.



[What is value?]

Hint: Value can be considered in terms of the Theory of Everything in physics.



[What is value?]

An answer: Value is an action of recognition that causes emotion.

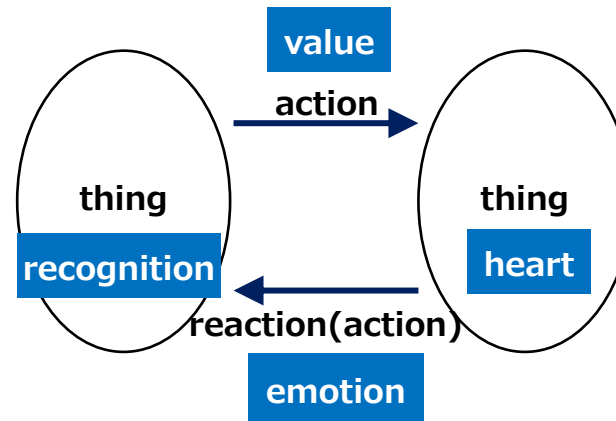
Answer

Value is something that is created by recognition and causes emotion.

In terms of the Theory of Everything,
value can be considered as an action of recognition that causes emotion.

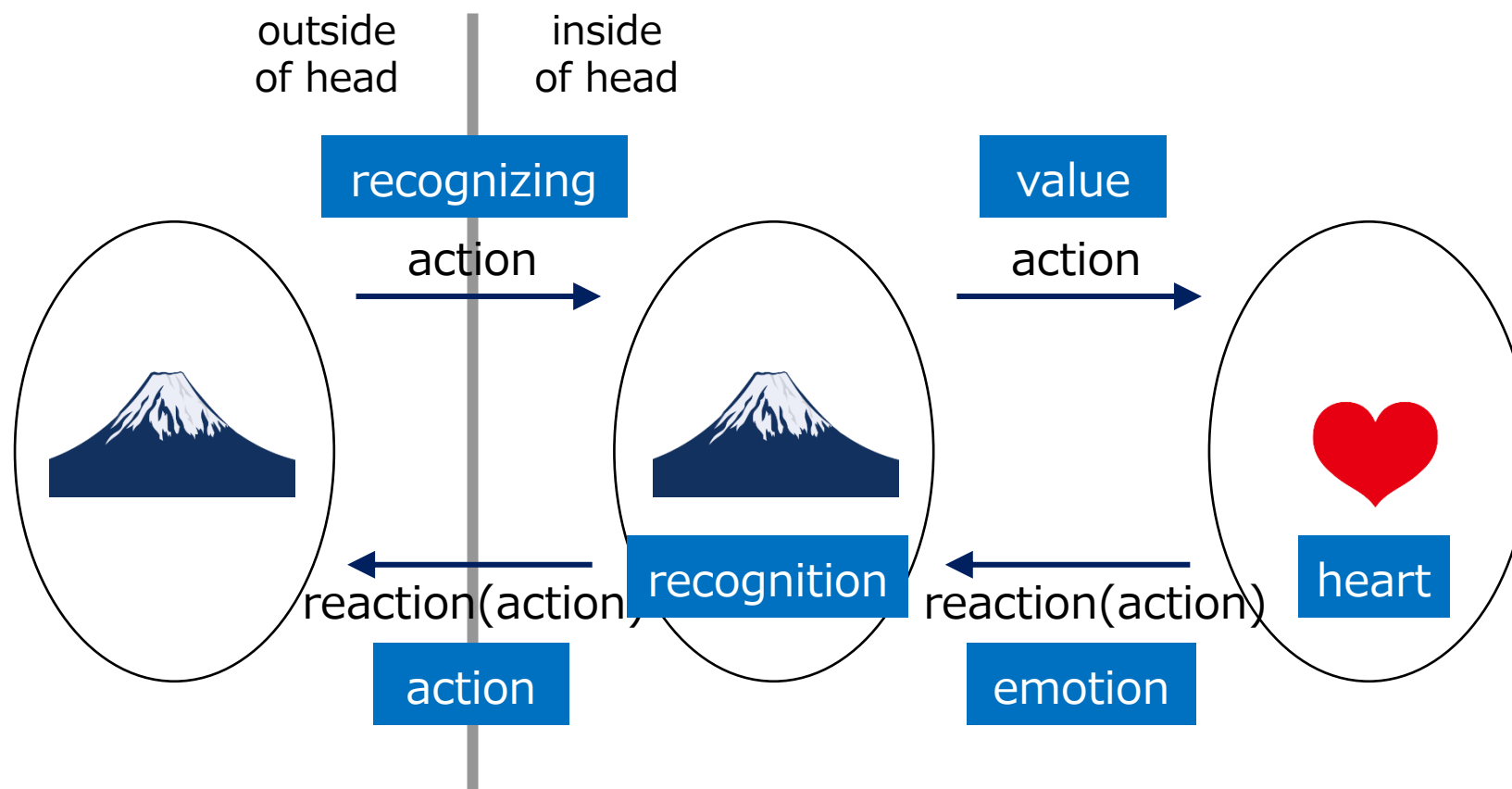
Value is an action of recognition that causes emotion.

The essence of value
Combination of :
"be an action of recognition"
"cause emotion"



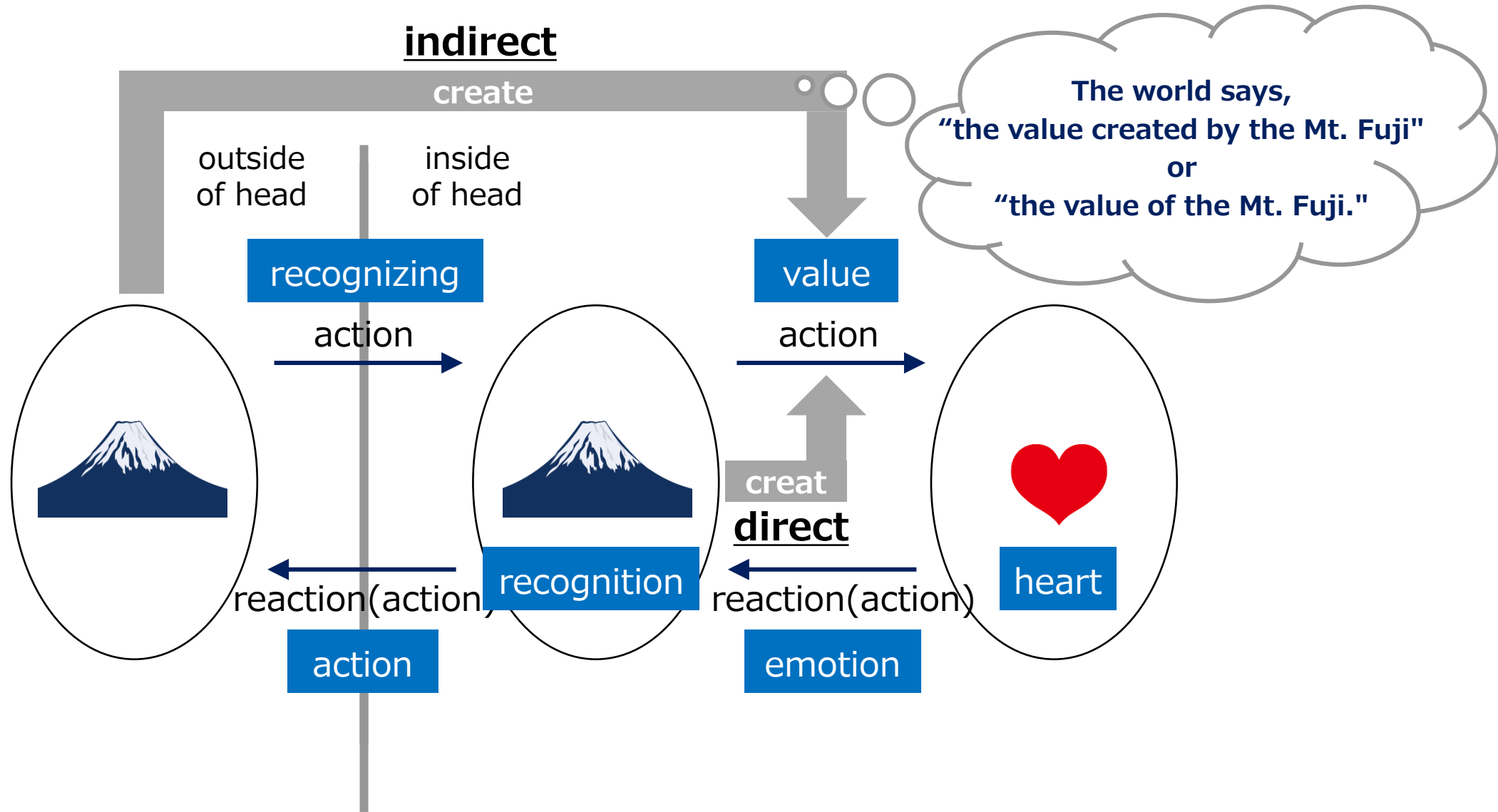
[What is value?]

Suppl.: Interaction across the inside and outside the head



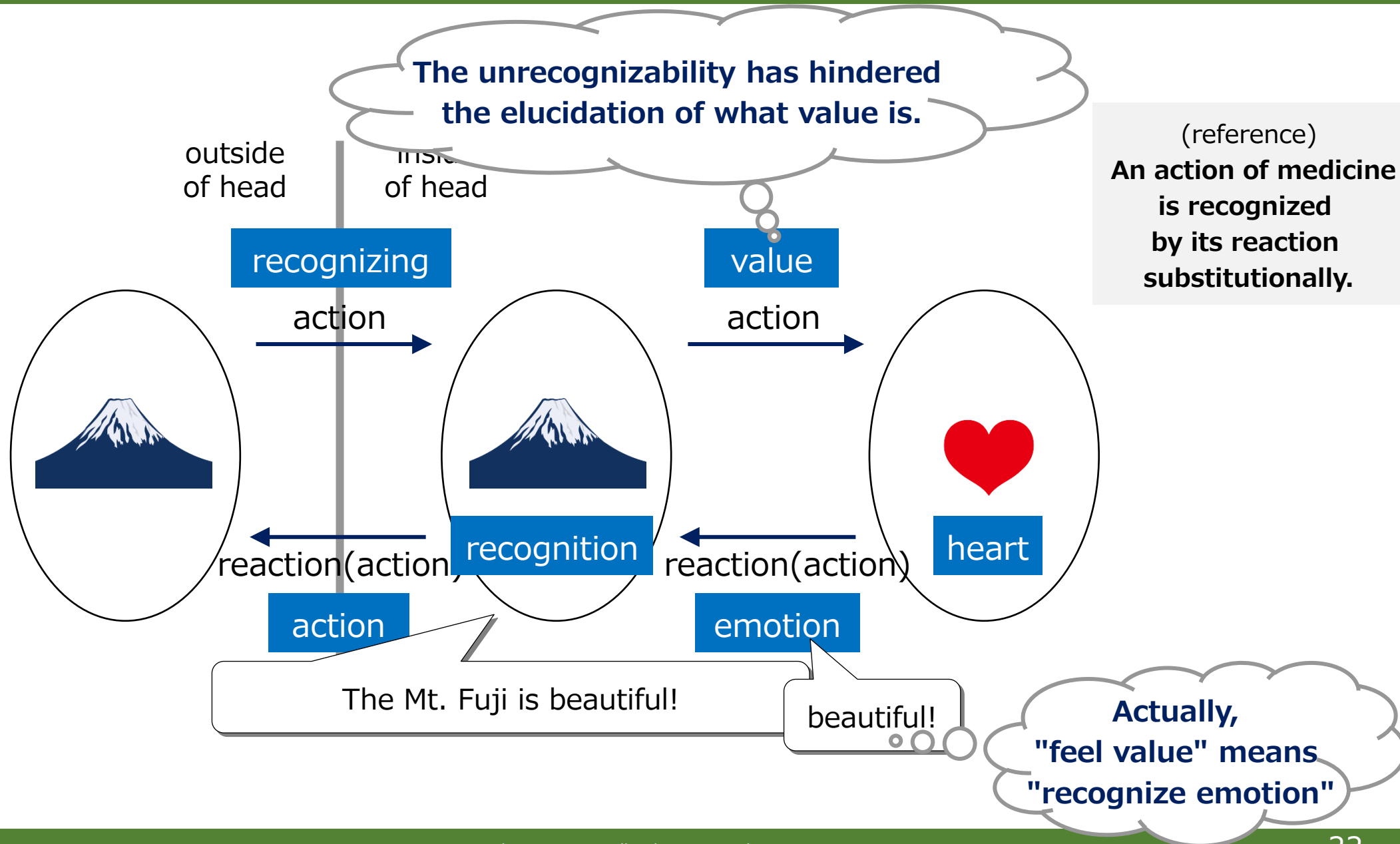
[What is value?]

Suppl.: Value is created directly by the recognition.



[What is value?]

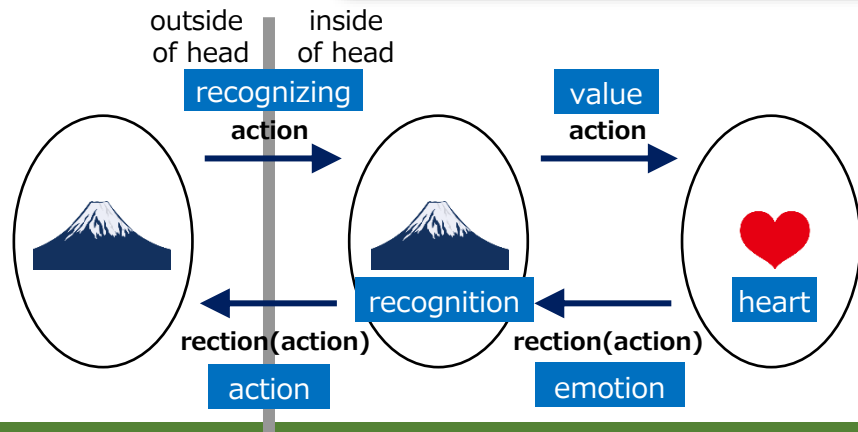
Suppl.: Value itself is an unrecognizable action and is recognized by emotion substitutionally.



Value itself is an unrecognizable action.

The type and the degree of emotion that substitute for value are recognizable.

Value is generally expressed using the type and the degree of emotion, as "A thing creates a certain type of value in a certain degree," instead of "A thing creates the value that causes a certain type of emotion in a certain degree."



Example : "The Mt. Fuji is the most beautiful."

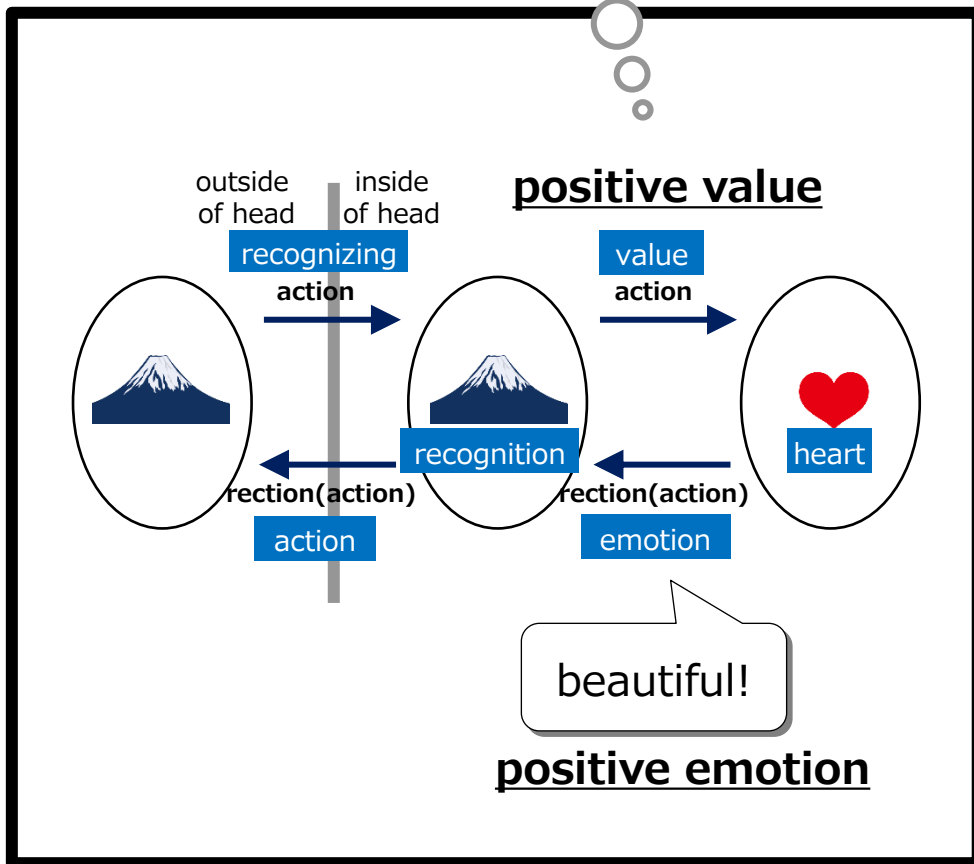
"The Mt. Fuji creates 'beautiful' in the most degree,"
instead of

"The Mt. Fuji creates the value that causes the emotion 'beautiful' in the most degree."

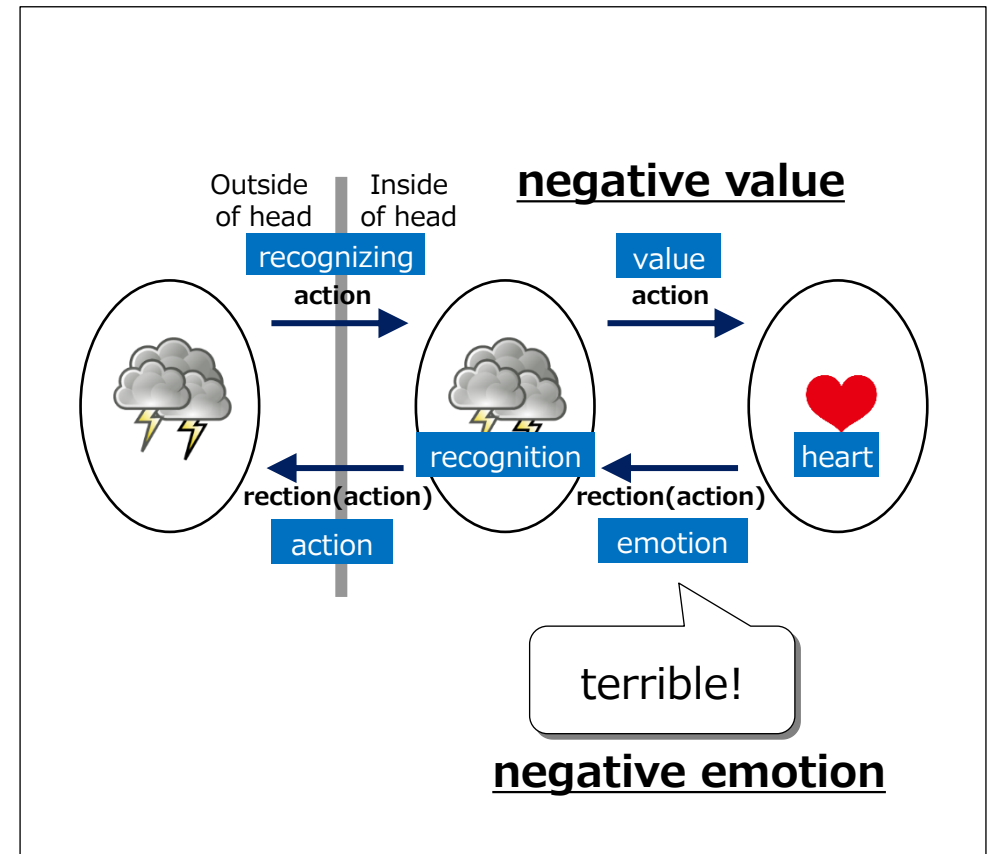
[What is value?]

Suppl.: Value can be considered both to be positive and negative.

Generally,
value only means positive value.

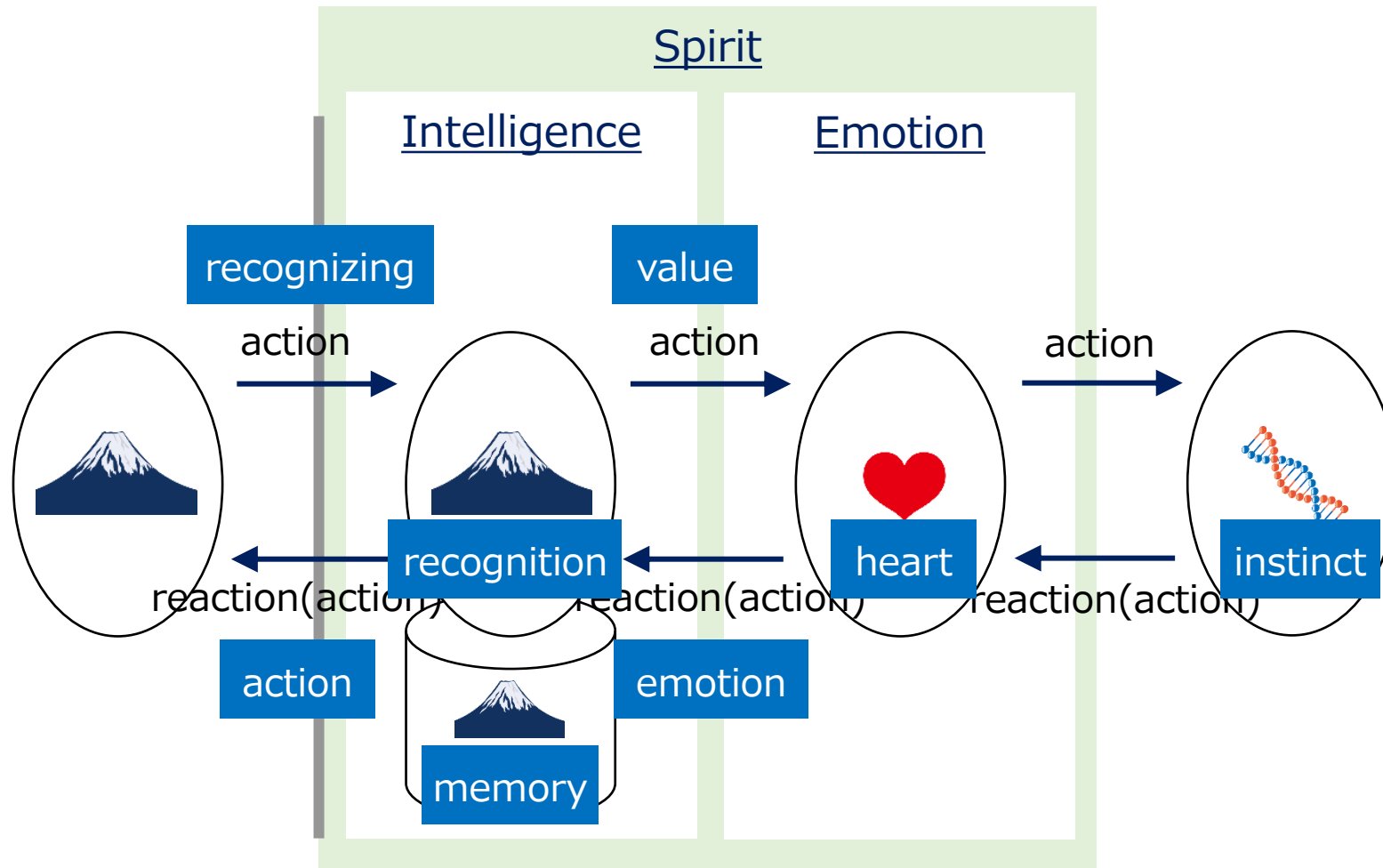


VS



[What is value?]

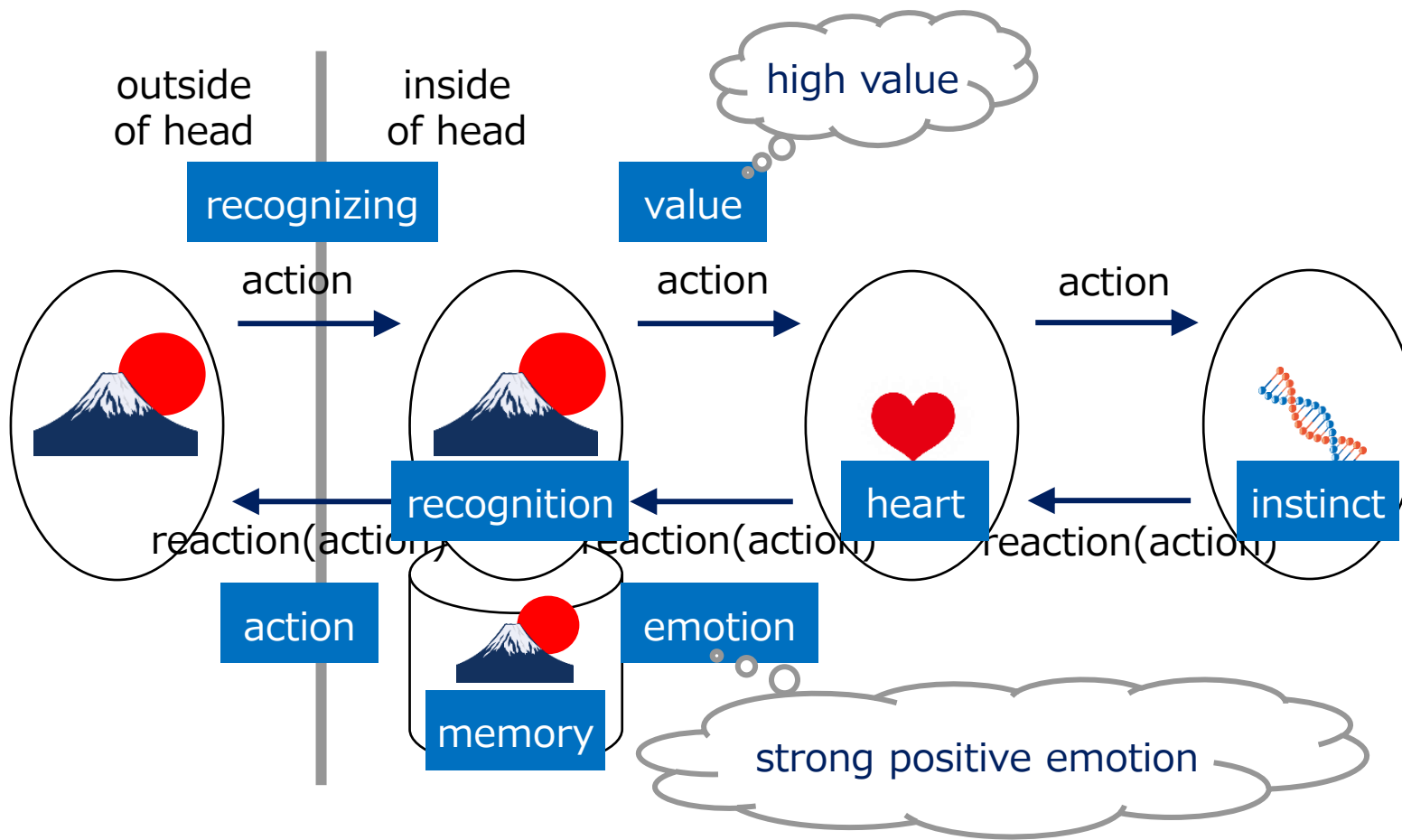
Suppl.: Recognition and memory, heart, instinct



* The perspective that there is an interaction between the heart and instinct is still in the initial hypothesis. stage.

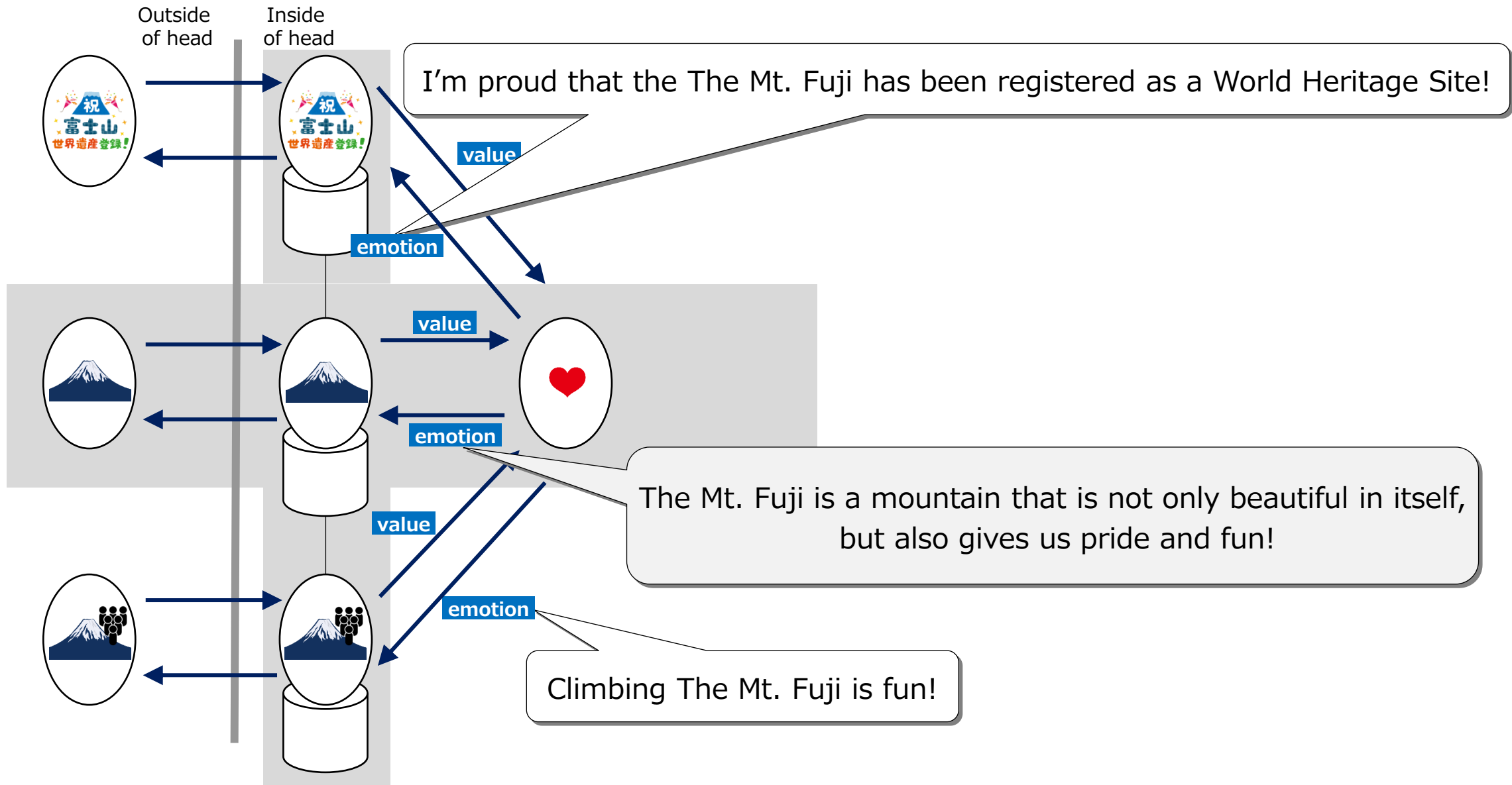
[What is value?]

Suppl.: High value causes strong positive emotion.



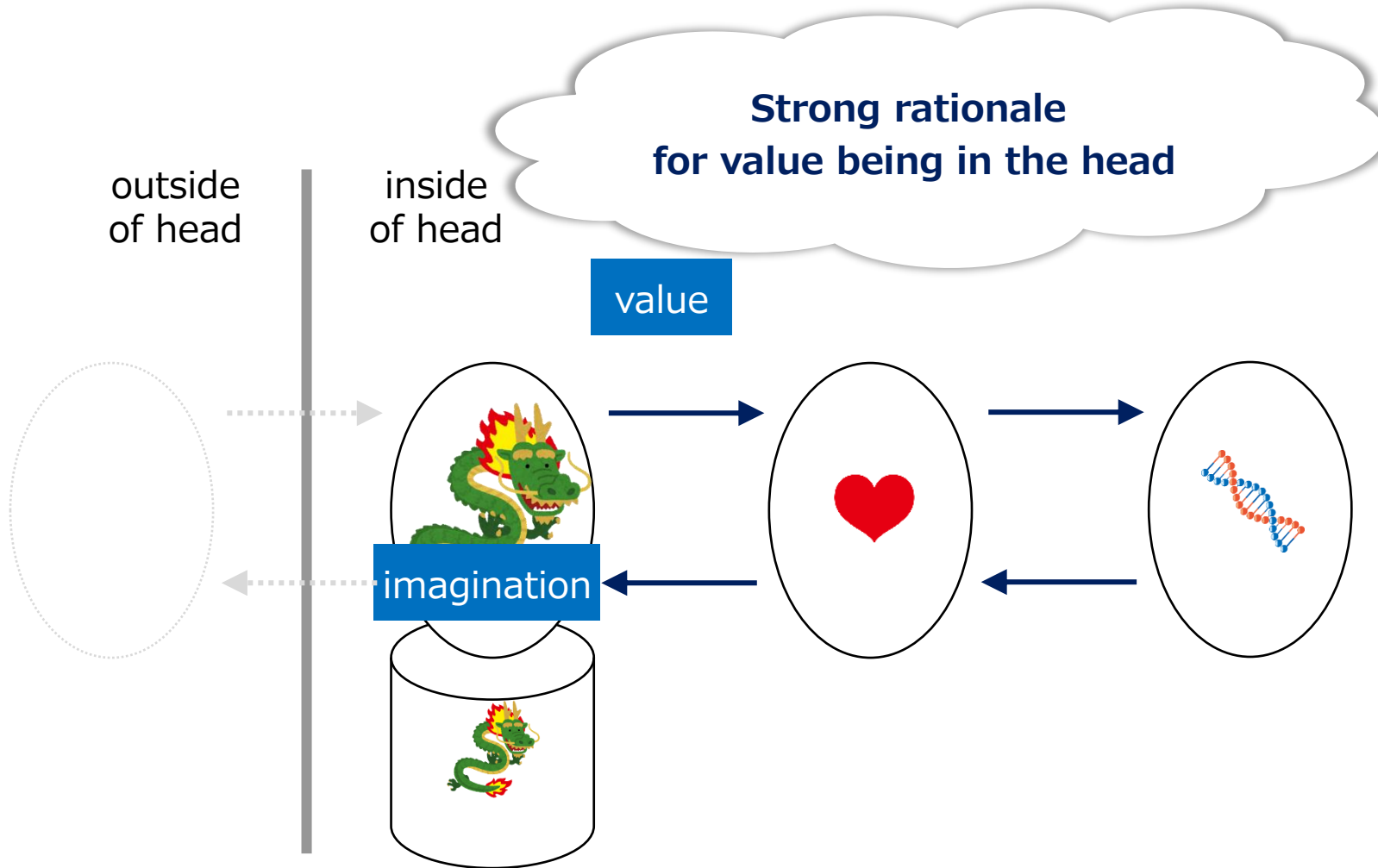
[What is value?]

Suppl.: The value of a thing is the total value of a thing in relation to other things.



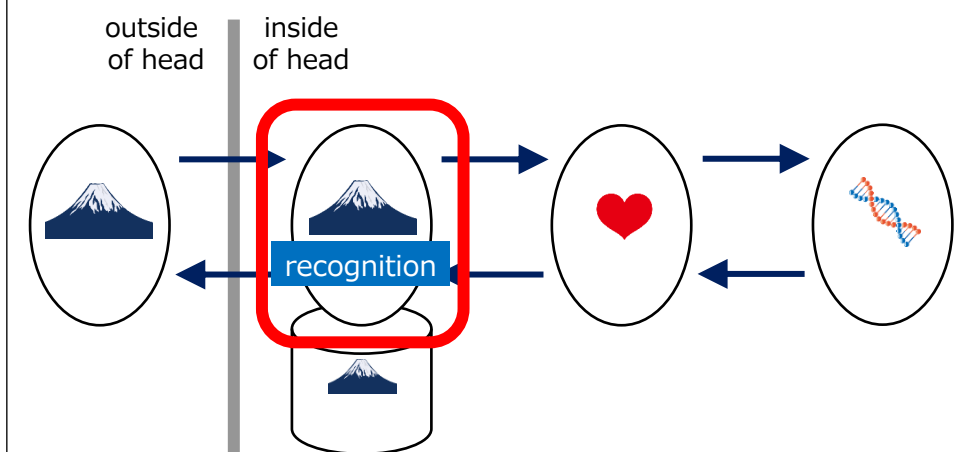
[What is value?]

Suppl.: People also feel value from imagination.



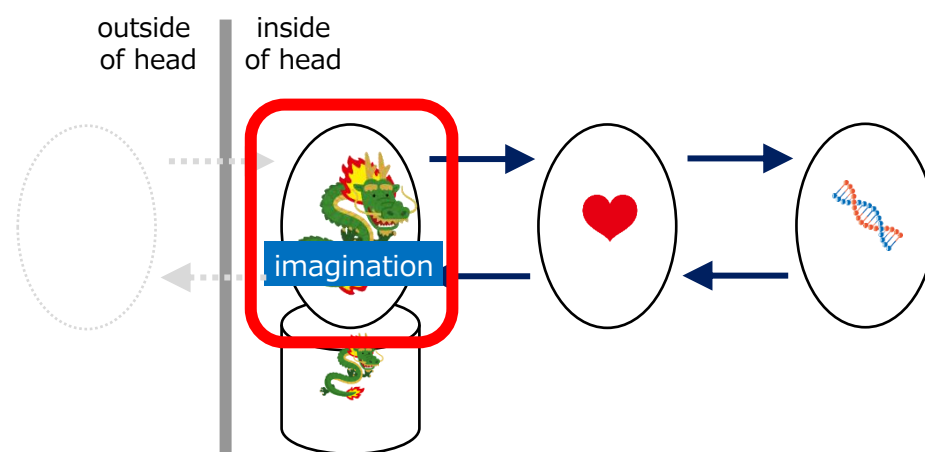
Recognition (broad sense)

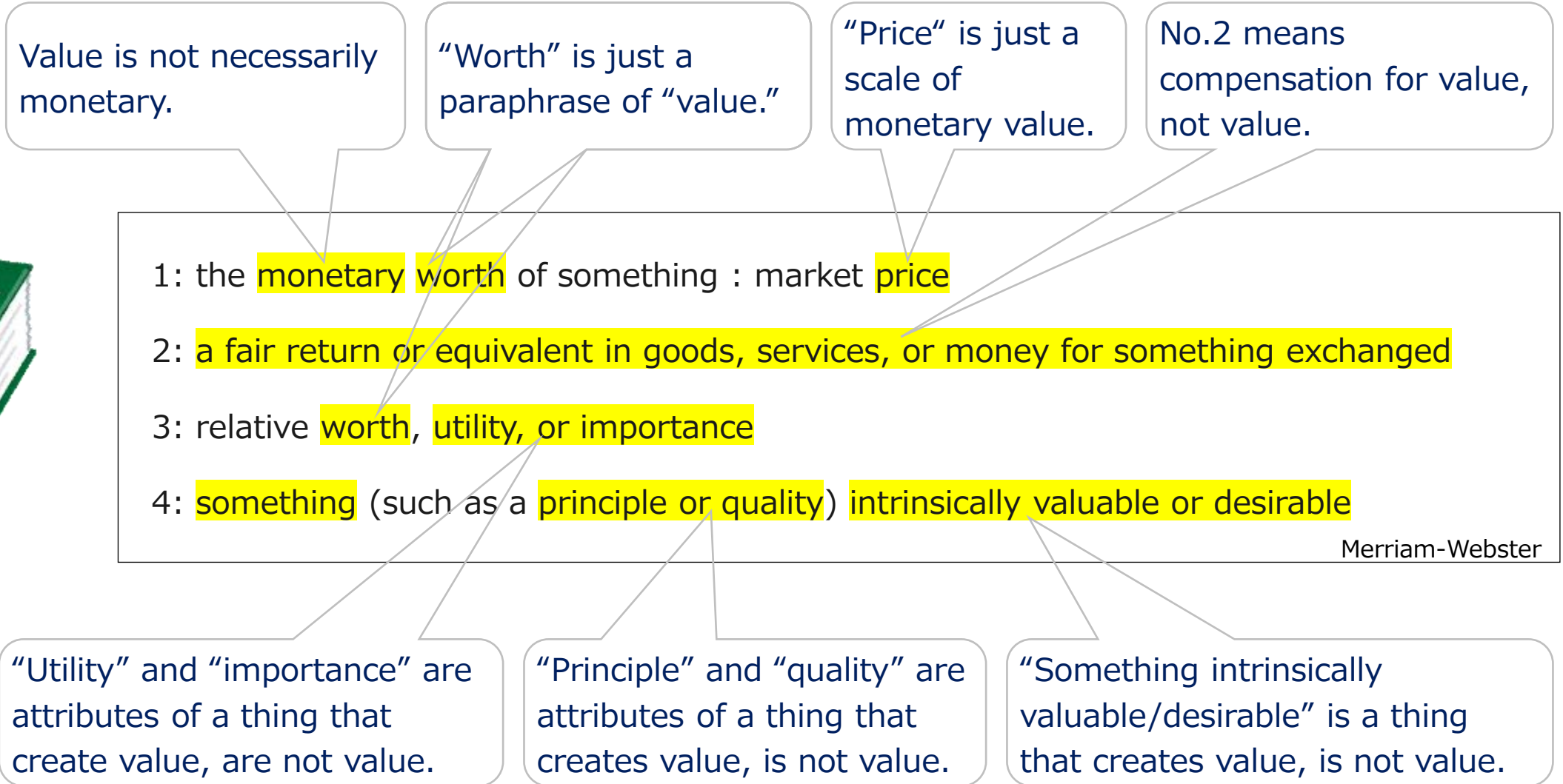
Recognition (narrow sense)



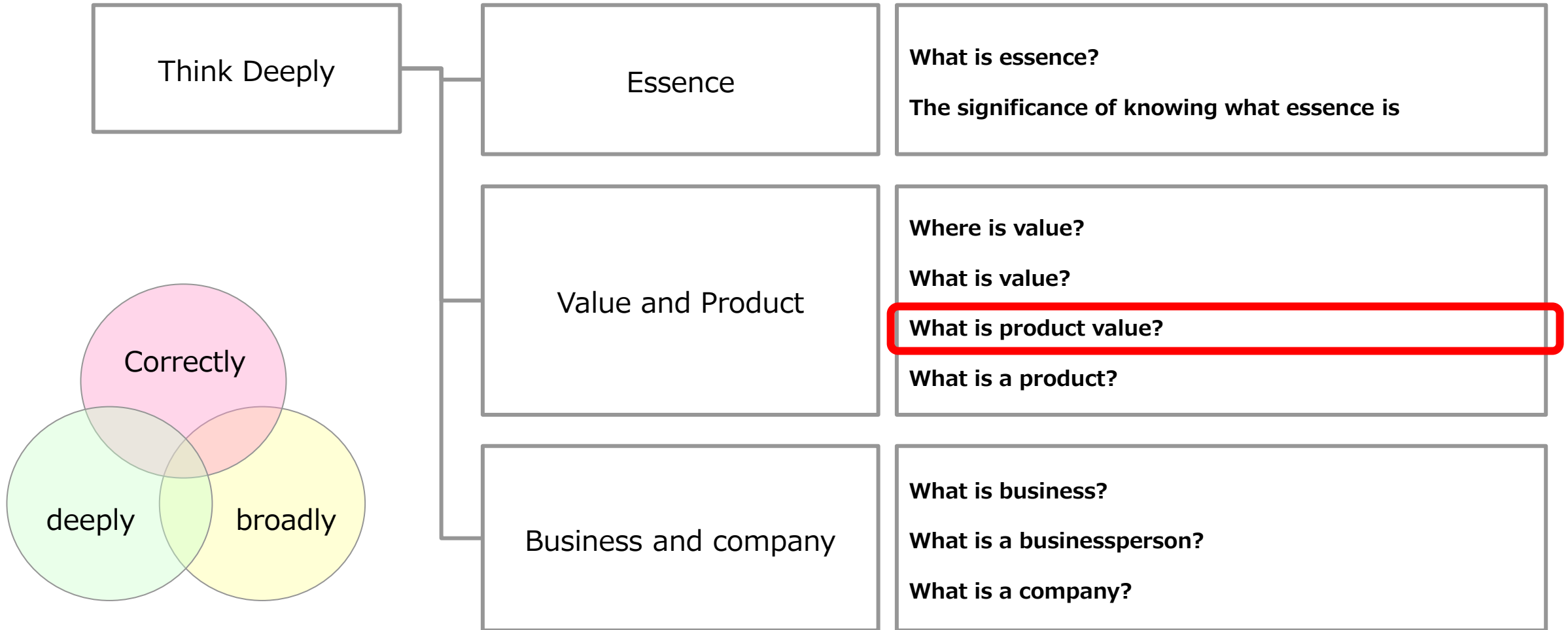
VS

Imagination





What is product value?



[What is product value?]

The world does not understand what product value is.

A collection of businesspeople

Enterprise

A person who does business

Businessperson

An activity that creates product value

Business

A thing that creates product value

Product

A type of value

~~Product Value~~

~~value~~

Specify

~~Essence of value~~

What the world considers to be product value is pseudo product value.

What the world considers to be value is pseudo value.

The world does not understand the essence of value.

[What is product value?]
Let's think what product value is!

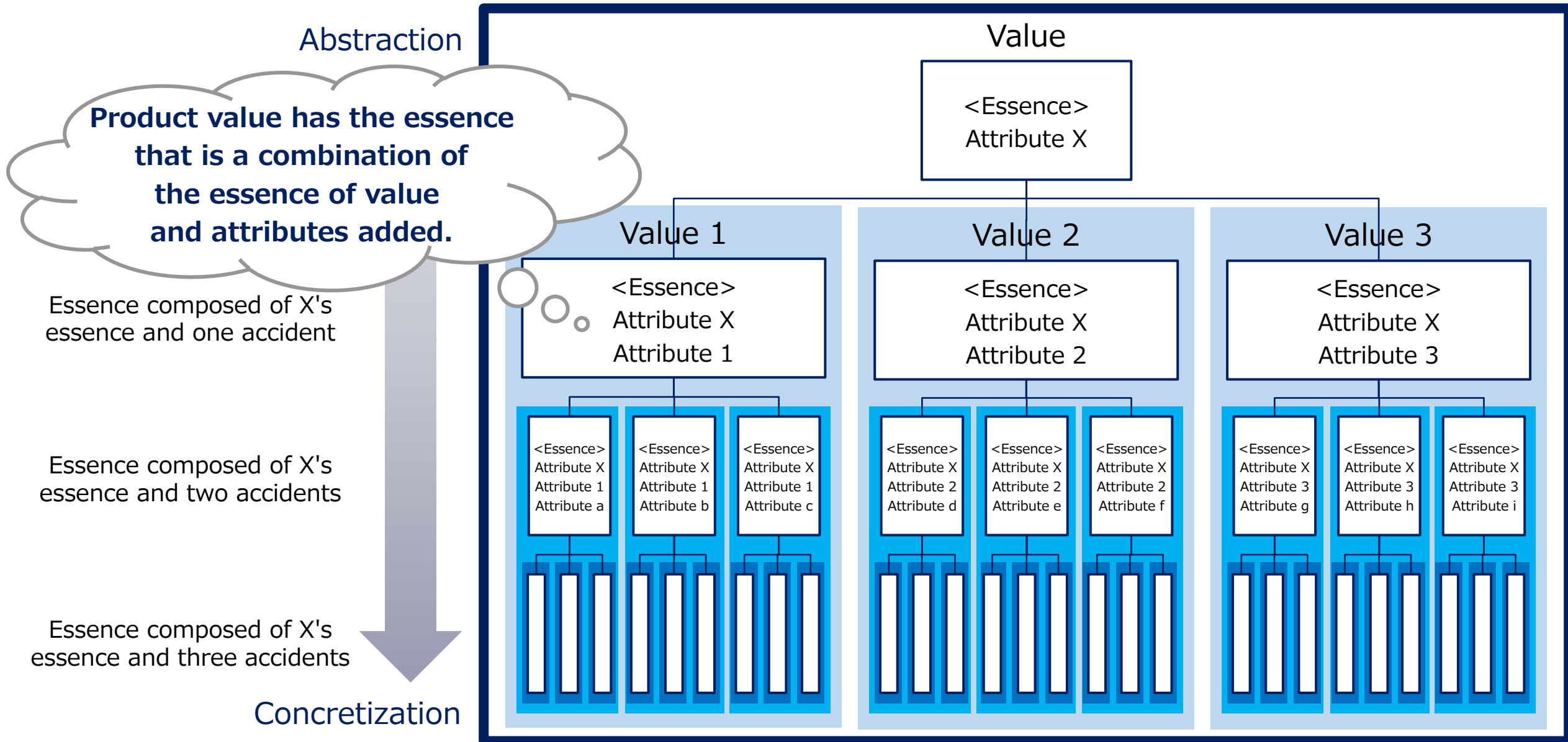
**Find out
real product value!**

Let's

Think!

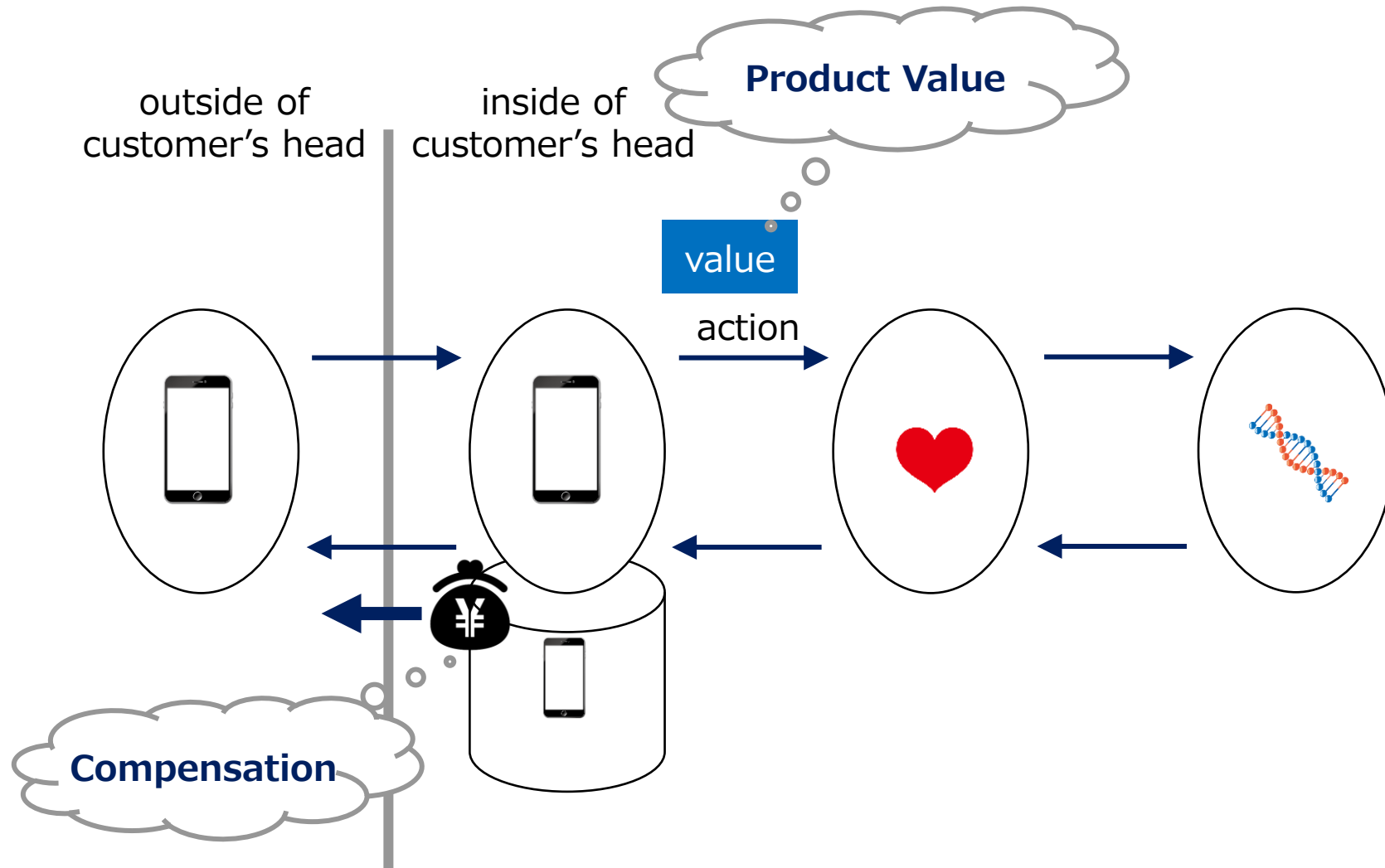
[What is product value?]

Hint: Product value is a type of value.



[What is product value?]

Hint: Product value is with compensation.



[What is product value?]

An answer: Product value is the value with compensation.

Answer

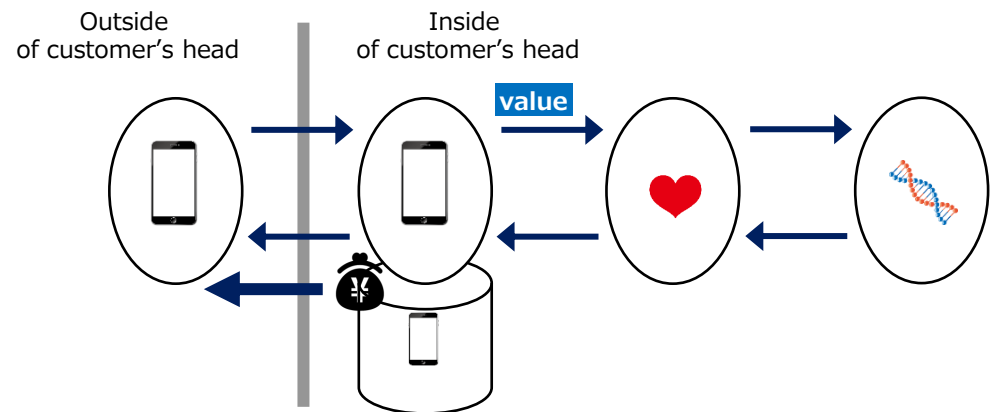
Product value is a type of value.

Product value is with compensation.



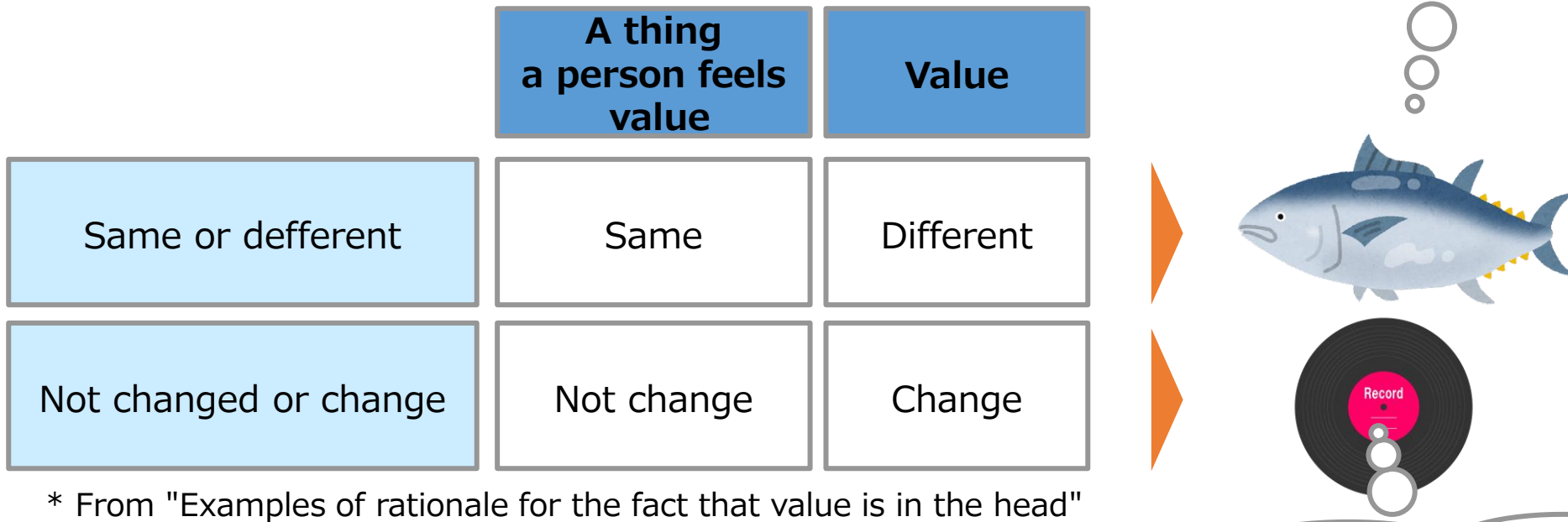
Product value is the value with compensation.
(Product value is an action of recognition that causes emotion with compensation).

The essence of product value
Combination of :
"be an action of recognition"
"cause emotion"
"be with compensation"



[What is product value?]

Suppl.: A customer does not buy (pays for) a product, but product value created in the head.

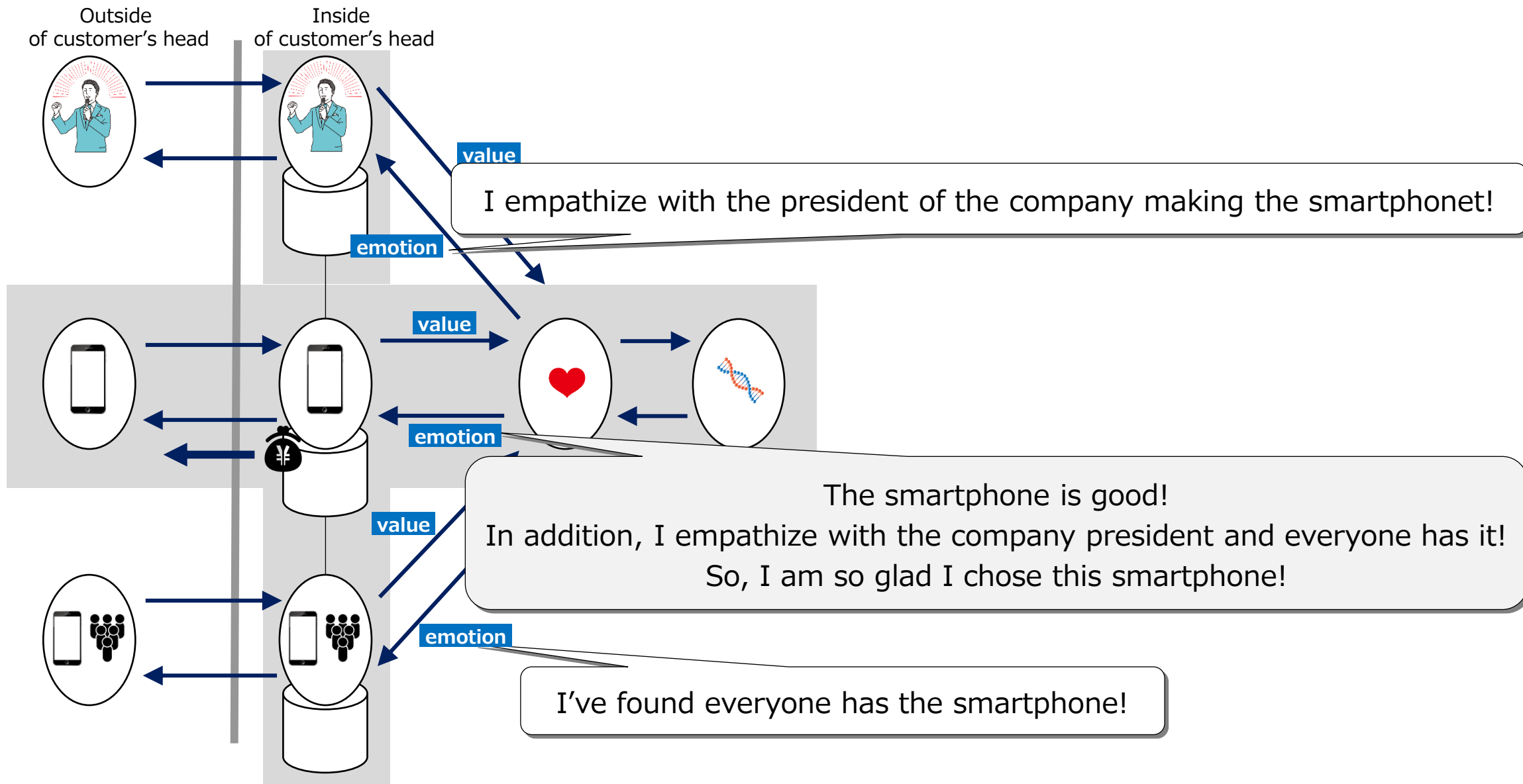


Even if the tuna itself is the same, its product value is different depending on its place of origin.

Even if the analog record itself doesn't change, its product value changes with the times.

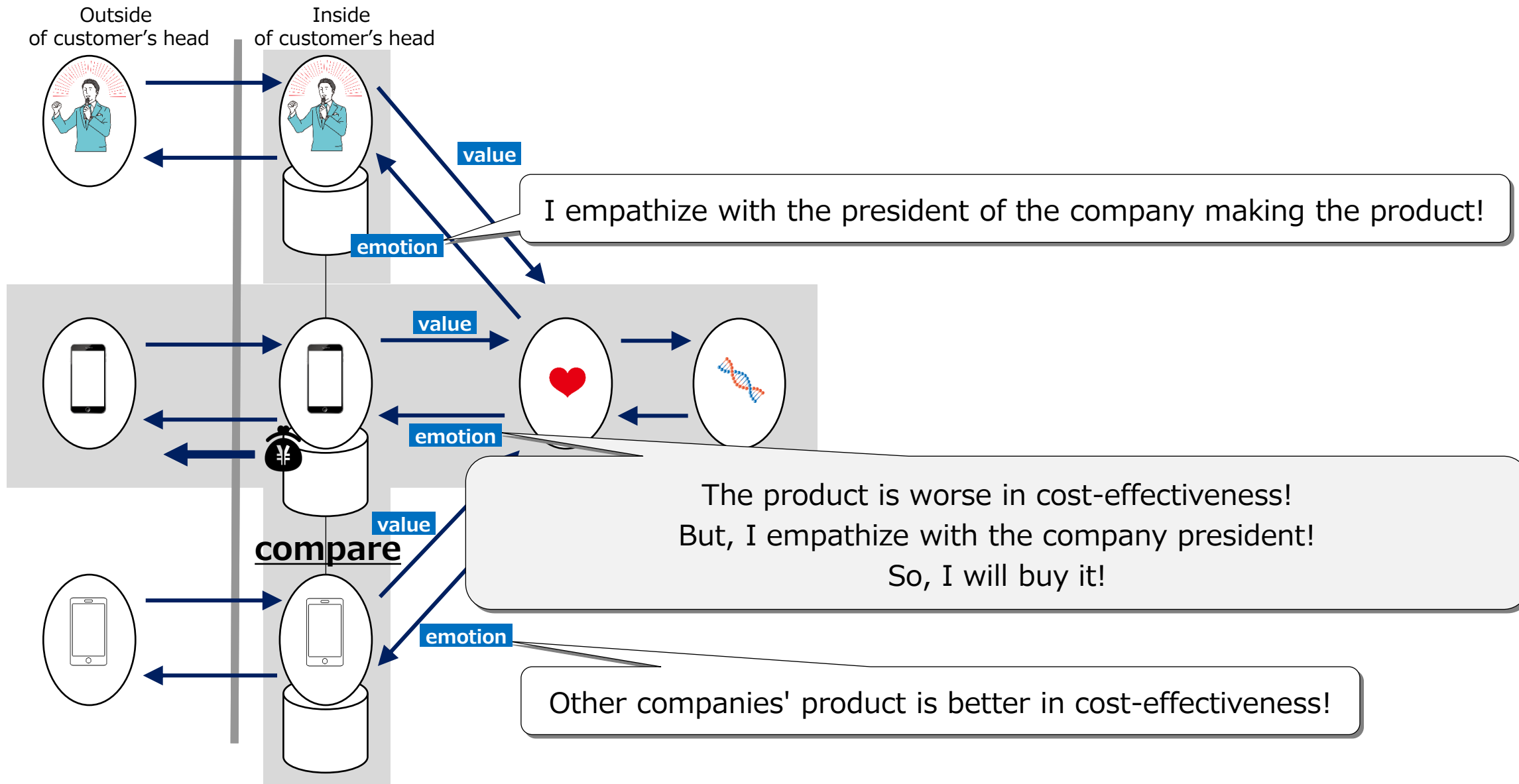
[What is product value?]

Suppl.: Product value is the total value of a product in relation to other things.



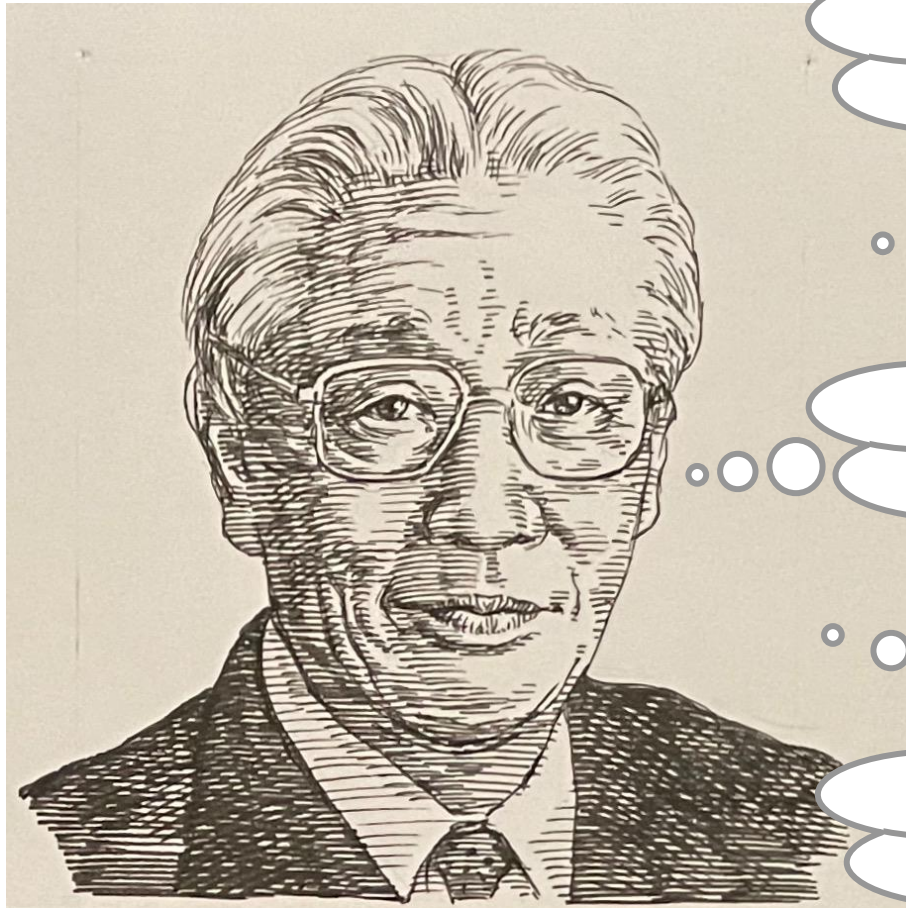
[What is product value?]

Suppl.: Product value is not to be measured by cost-effectiveness only.



[What is product value?]

Suppl.: Akio Morita (co-founder of Sony) understood what product value is.



Akio Morita (1921-1999)

"We must not lose sight of essence."

**"Sony doesn't sell products.
Sony sells product value."**

"Sony is a company selling deep emotion"

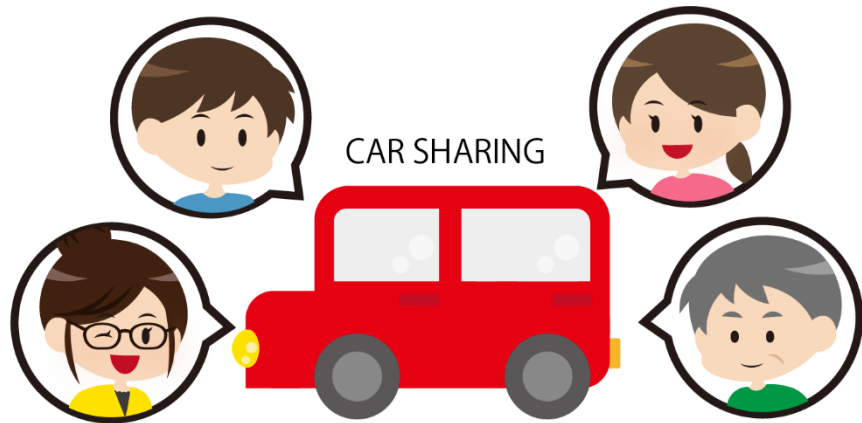
* Words Yokota heard directly while working at Sony

[What is product value?]

Suppl.: The sharing economy indicates the world is beginning to realize what a customer buys is product value.

Pay for product value

Car sharing



Subscription



[What is product value?]

Suppl.: Essentially, charging should be pay-per-use.

For cars,
pay-per-use based on mileage
could be considered.



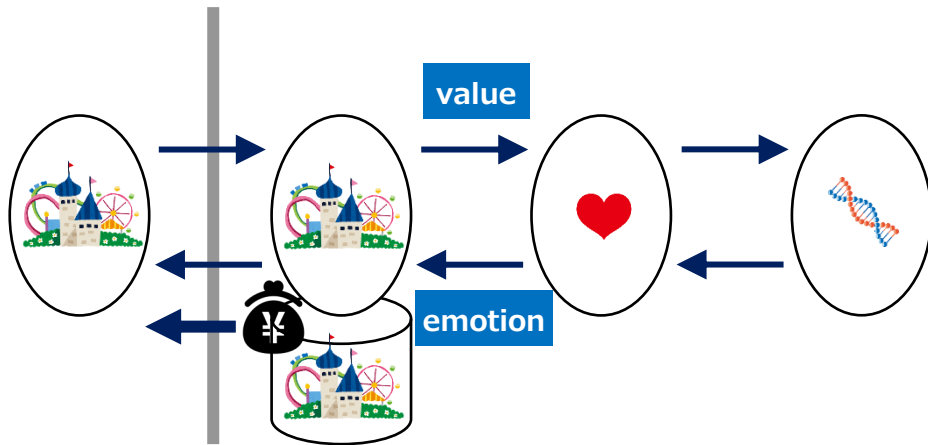
[What is product value?]

Suppl.: A customer can enjoy product value if they remembers the product.

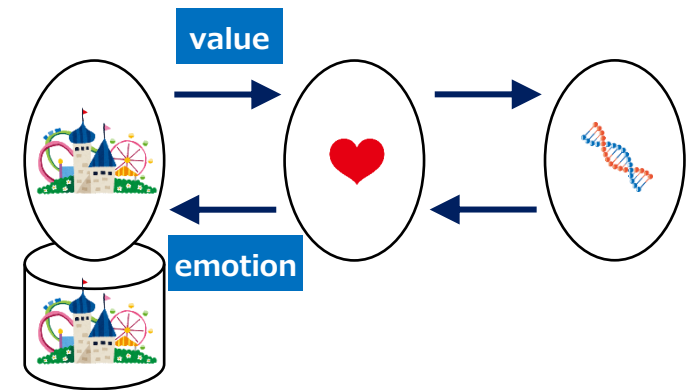


If you have memory of an amusement park,
you can enjoy the product value that the amusement park creates.

While being at an amusement park

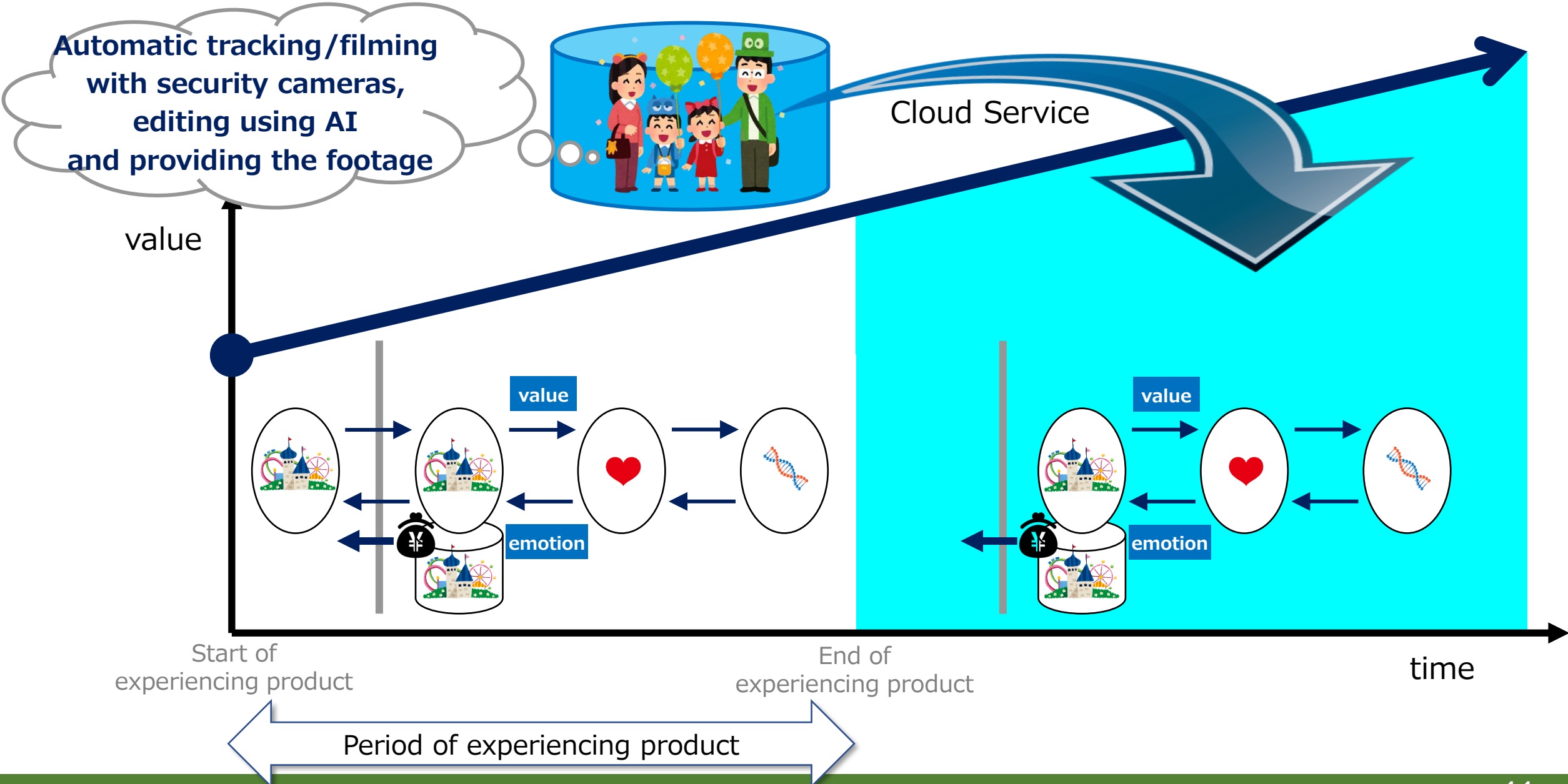


While remembering being at an amusement park



[What is product value?]

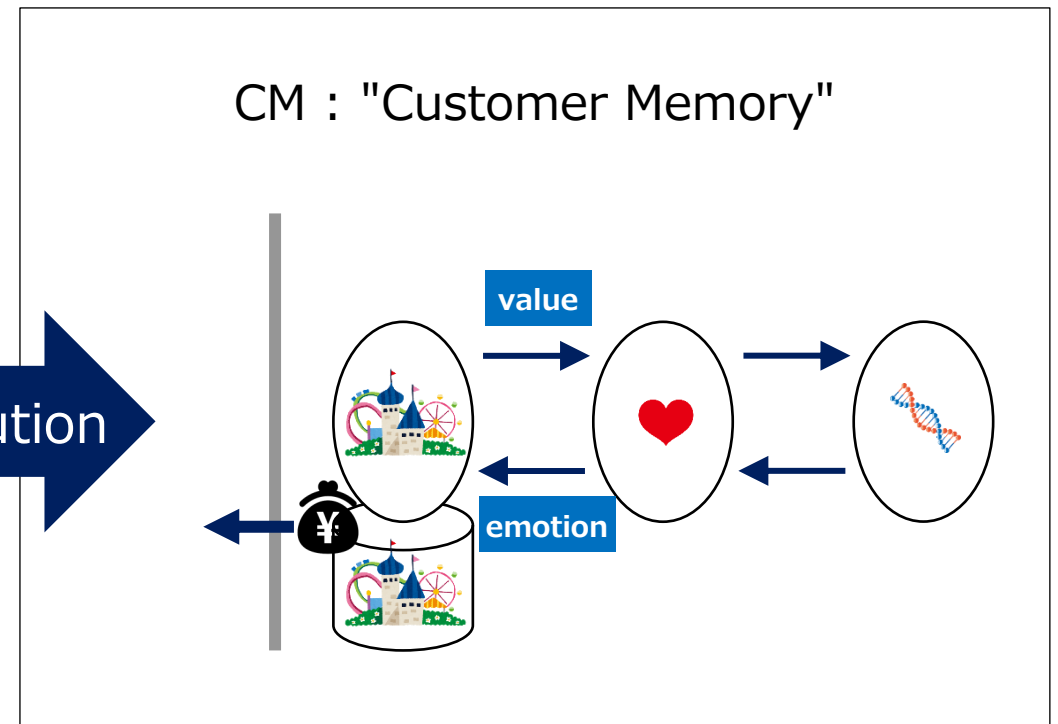
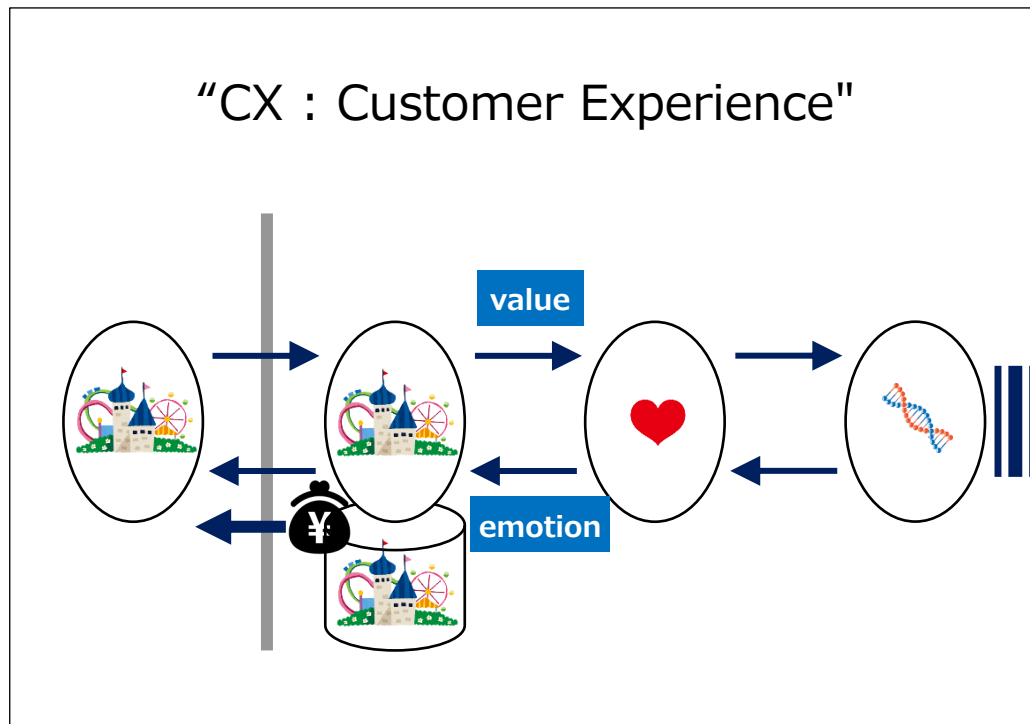
Suppl.: With some ingenuity, you can charge for the product value that a customer enjoys in their memory.

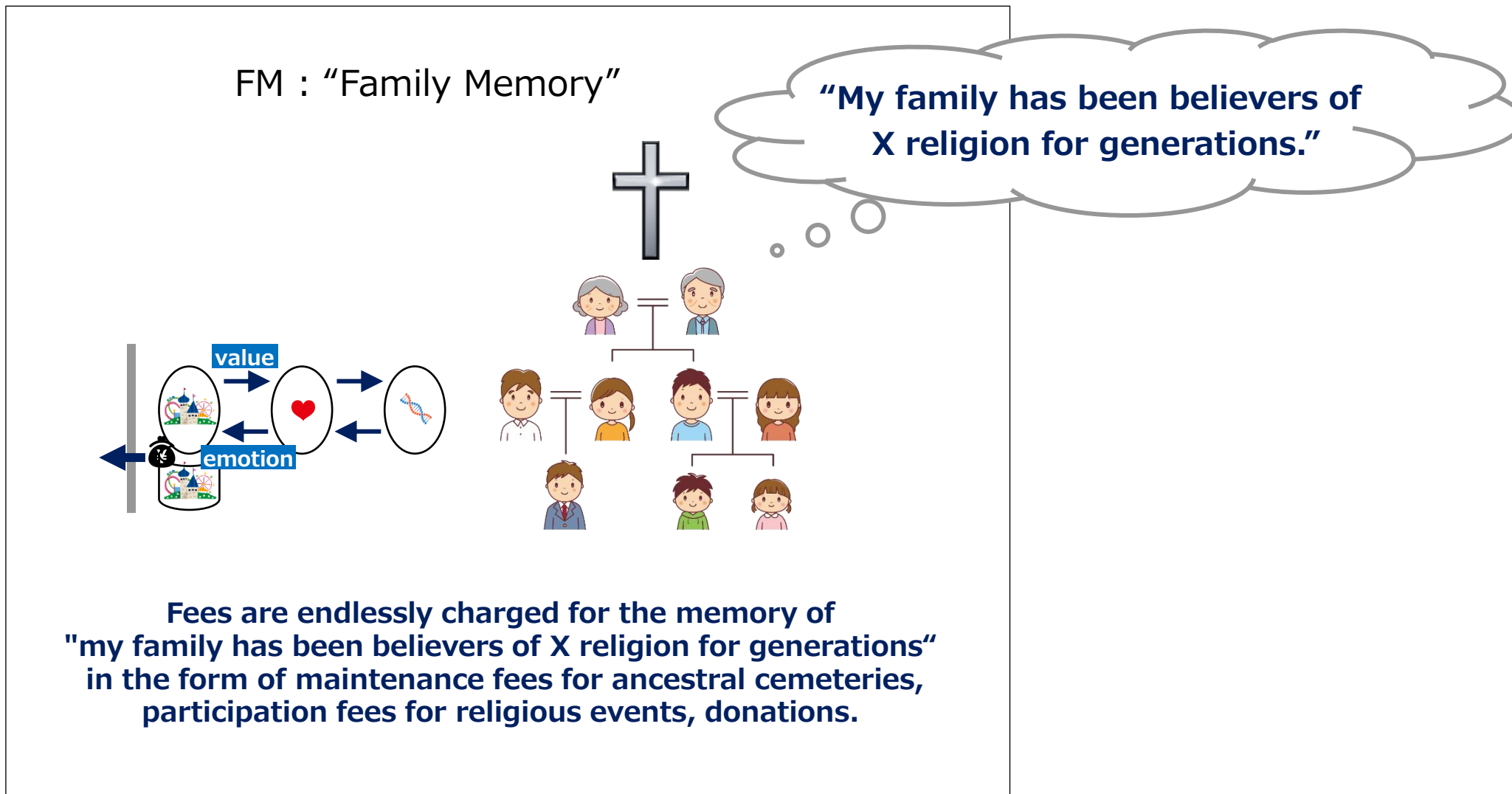


[What is product value?]

Suppl.: From "Customer Experience" to "Customer Memory"

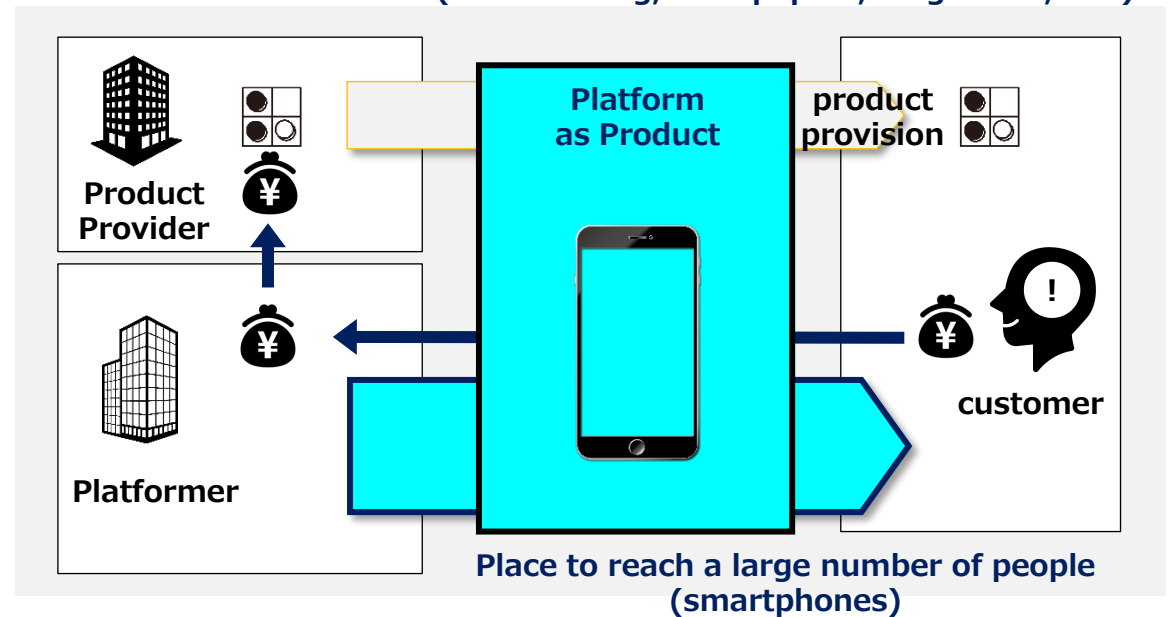
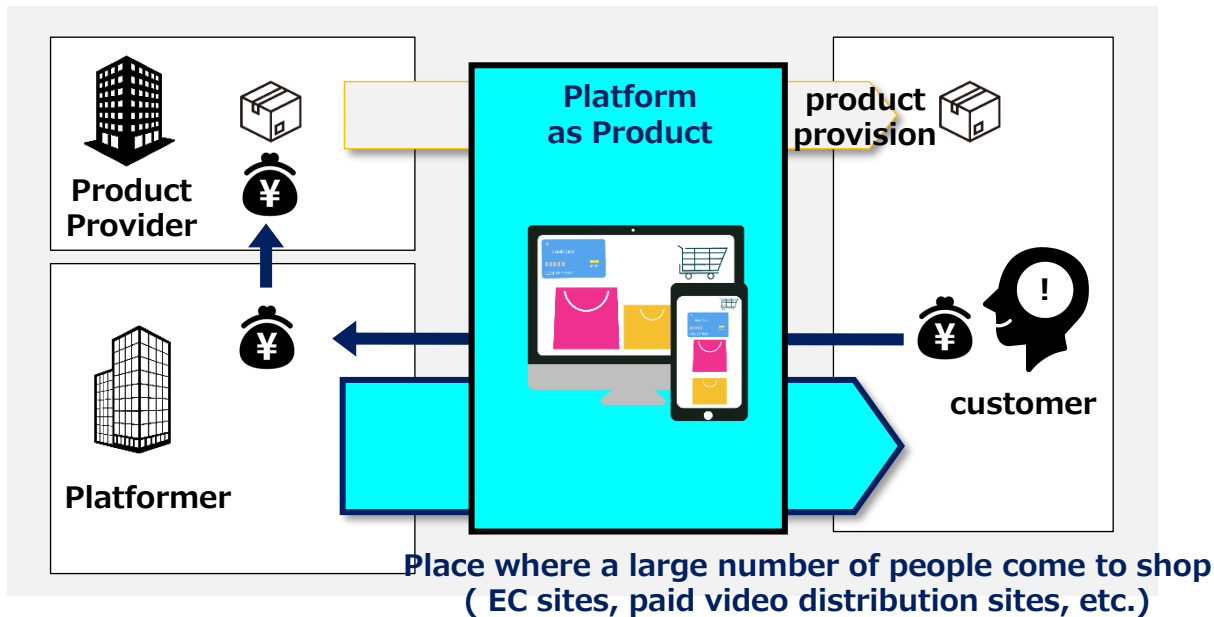
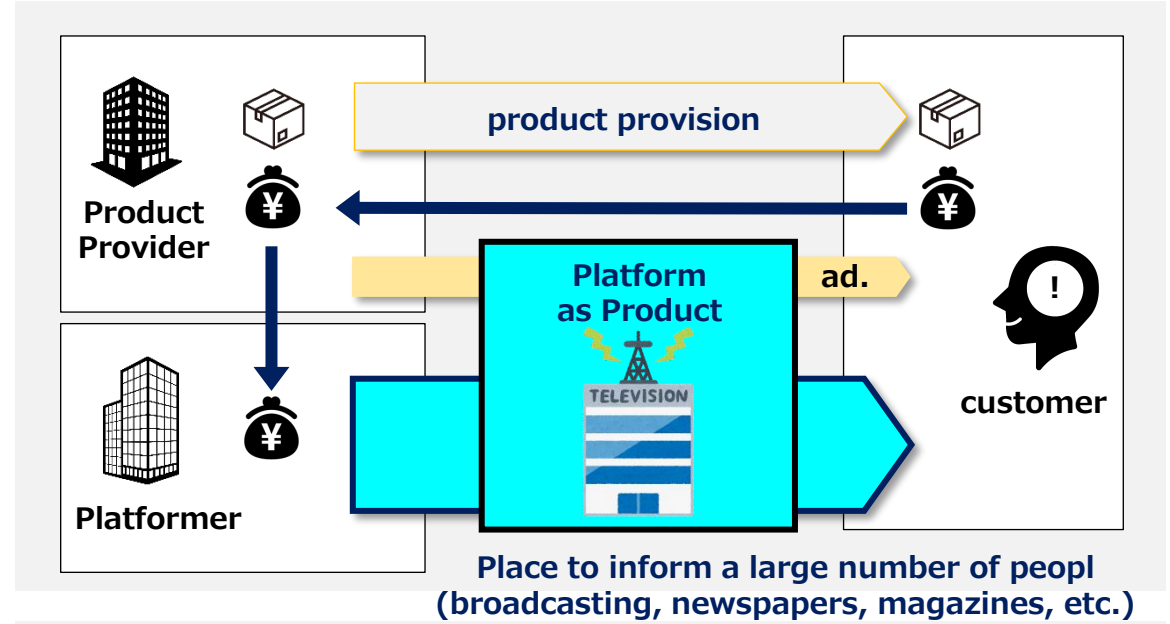
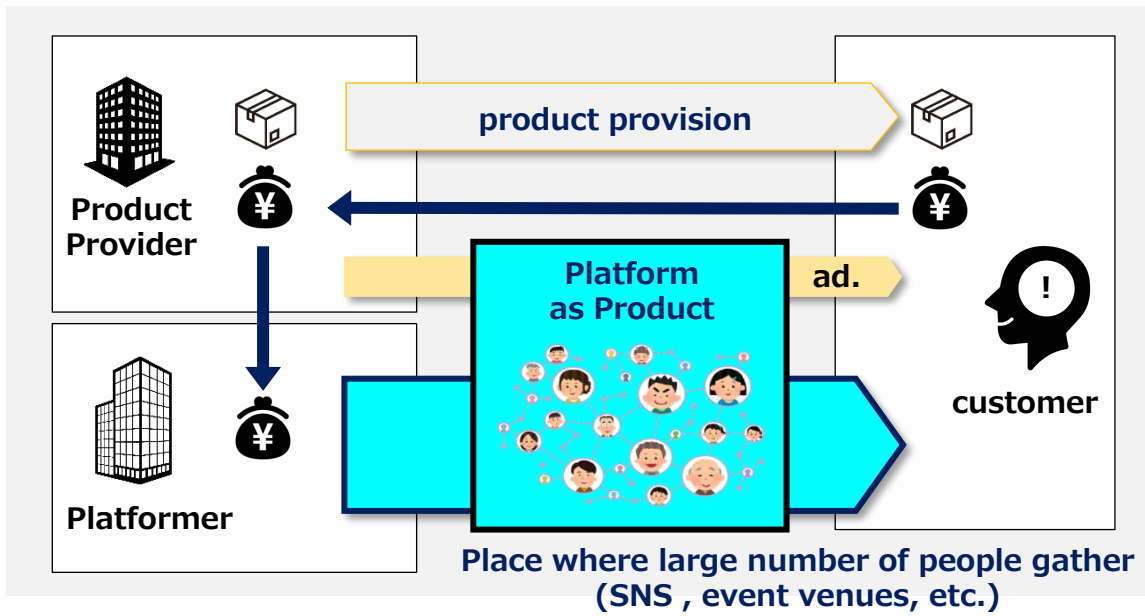
What we should essentially focus on is
CM: Customer Memory
rather than
CX: Customer Experience.





[What is product value?]

Suppl.: Compensation for product value can be paid as the one for the value of other products.



[What is product value?]

Suppl.: Dictionaries do not tell you what product value (customer value) is.

- “Product value” and “commodity value” are not found in several major online dictionaries or encyclopedias.
- “Customer value”, which equates to “product value”, was on Wikipedia.

the most basic attribute that characterizes product value, namely, customer value is “be with compensation.
So, this interpretation is not the most basic definition of what customer value is.

“Utility” is a customer's interpretation about a product function, which may or may not create value.
So, “utility” is not value.



[Customer value]

- The value received by the end-customer of a product or service.
- Conceived variously as utility, quality, benefits, and customer satisfaction.

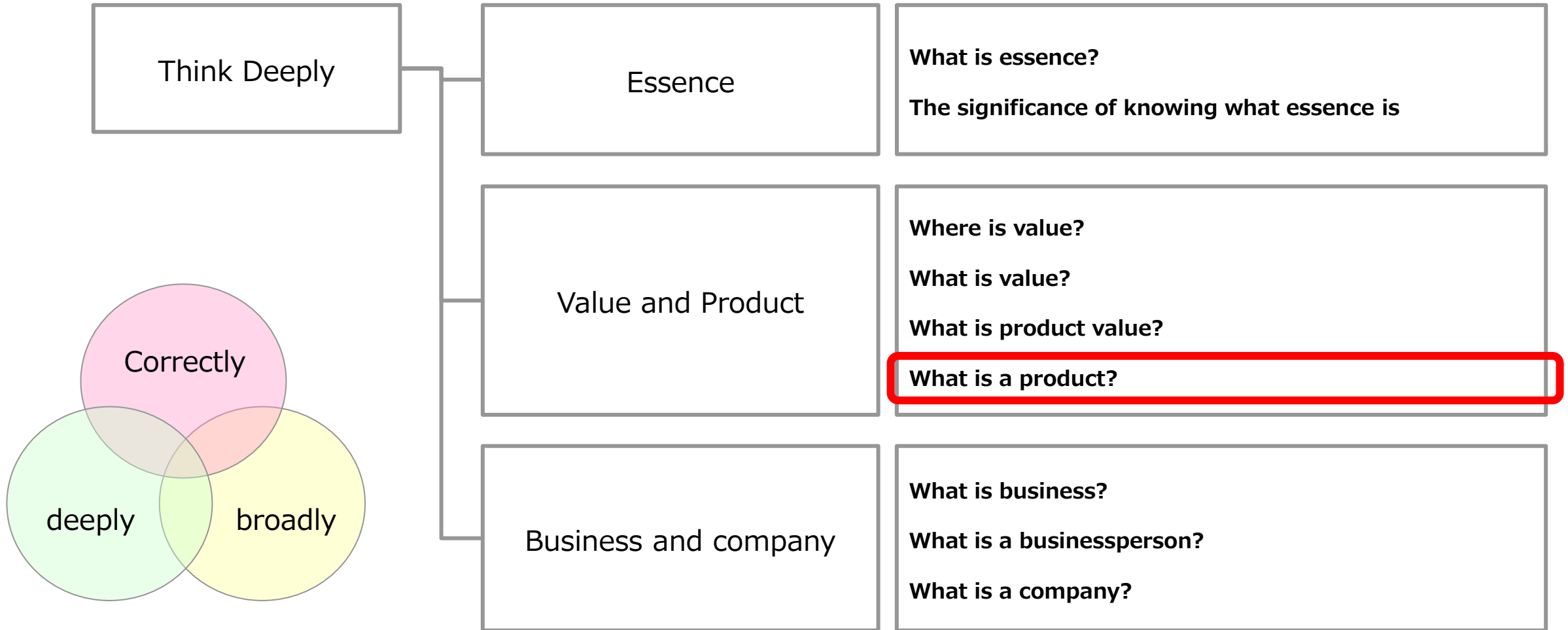
Wikipedia (listed as a type of “business value”)

Usually, “quality” is in the product, but value is in the customer’s head.
So, “quality” is not value.

Sometimes, “benefit” is something that creates value, like money.
So, “benefit” is not value.

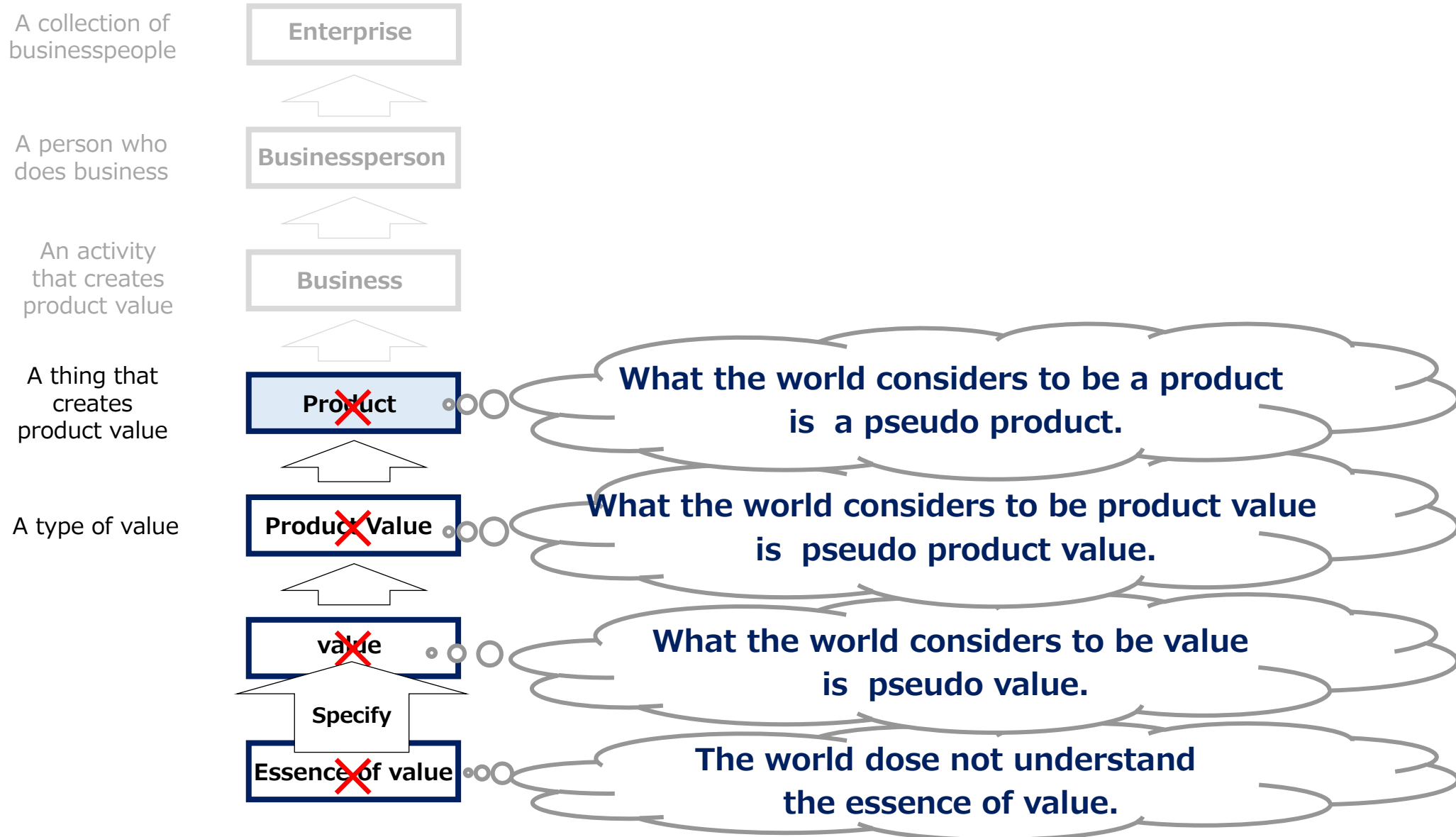
“customer satisfaction” is just a type of customer value.

What is a product?



[What is a product?]

The world doesn't understand what a product is.



[What is a product?]

Let's think what a product is!



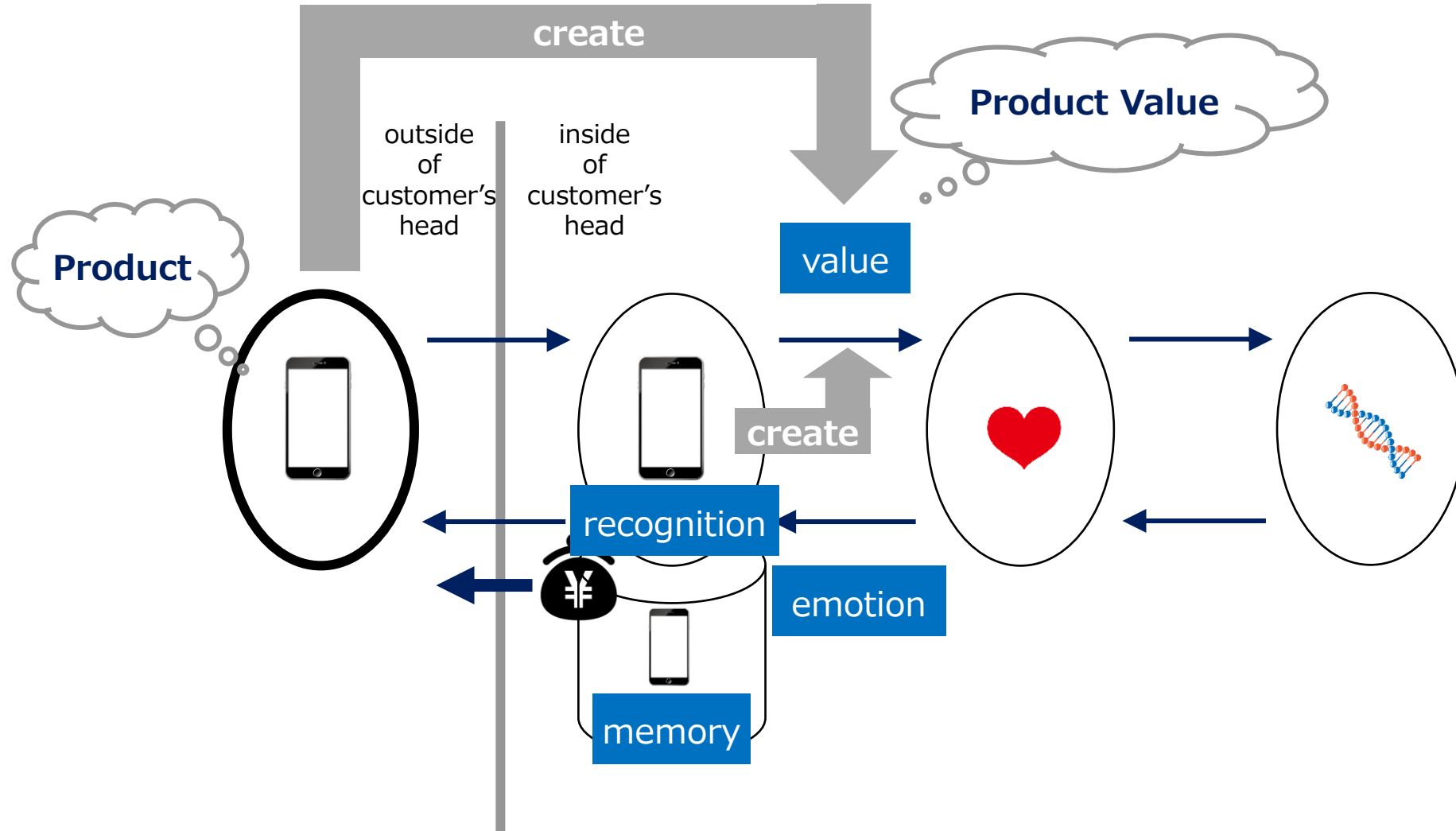
Find out
real product!

Let's

Think!

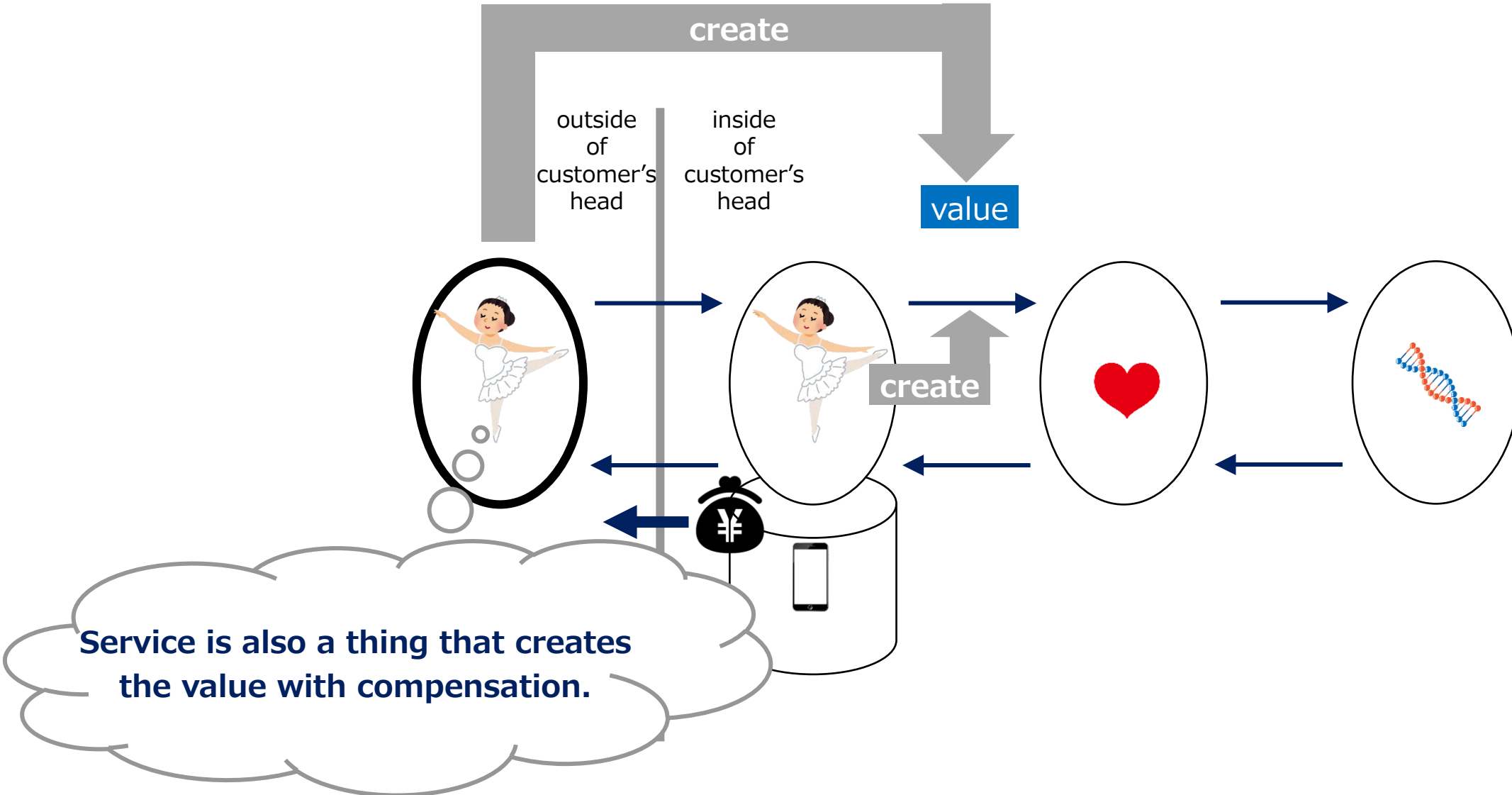
[What is a product?]

Hint: A product is a thing that creates product value.



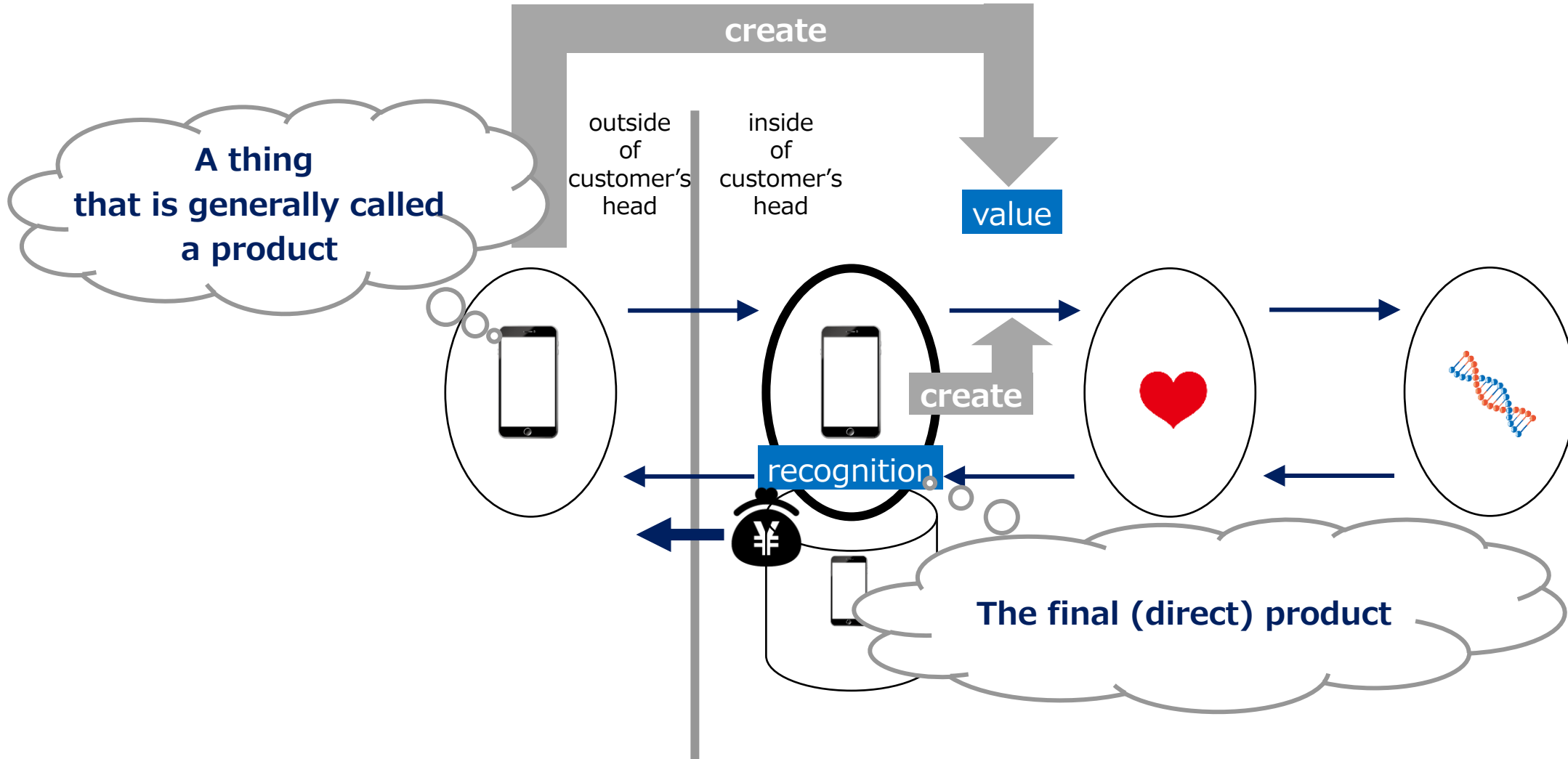
[What is a product?]

Suppl.: Service is also a product.



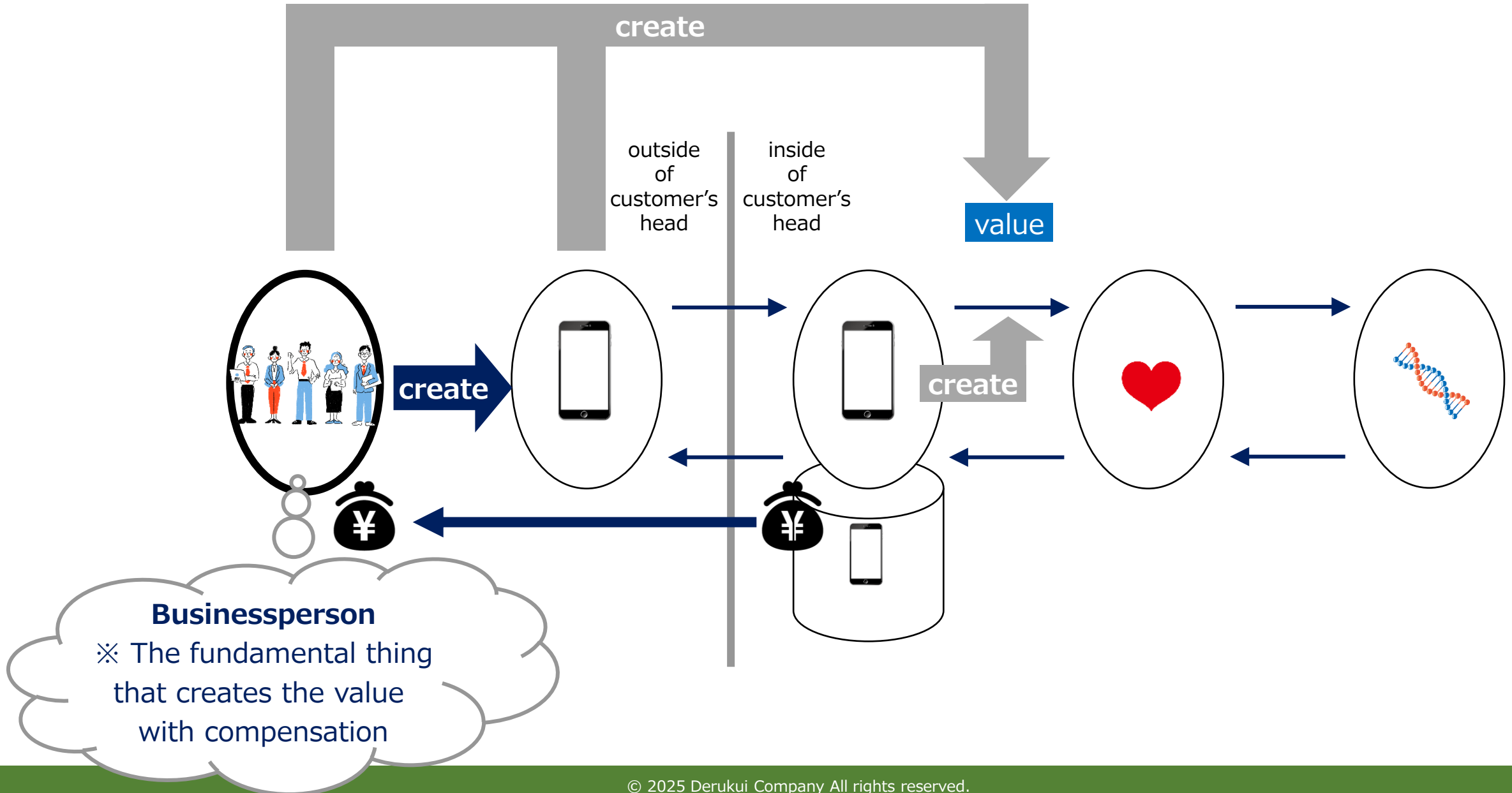
[What is a product?]

Suppl.: The final (direct) product is the recognition of a thing that is generally called a product.



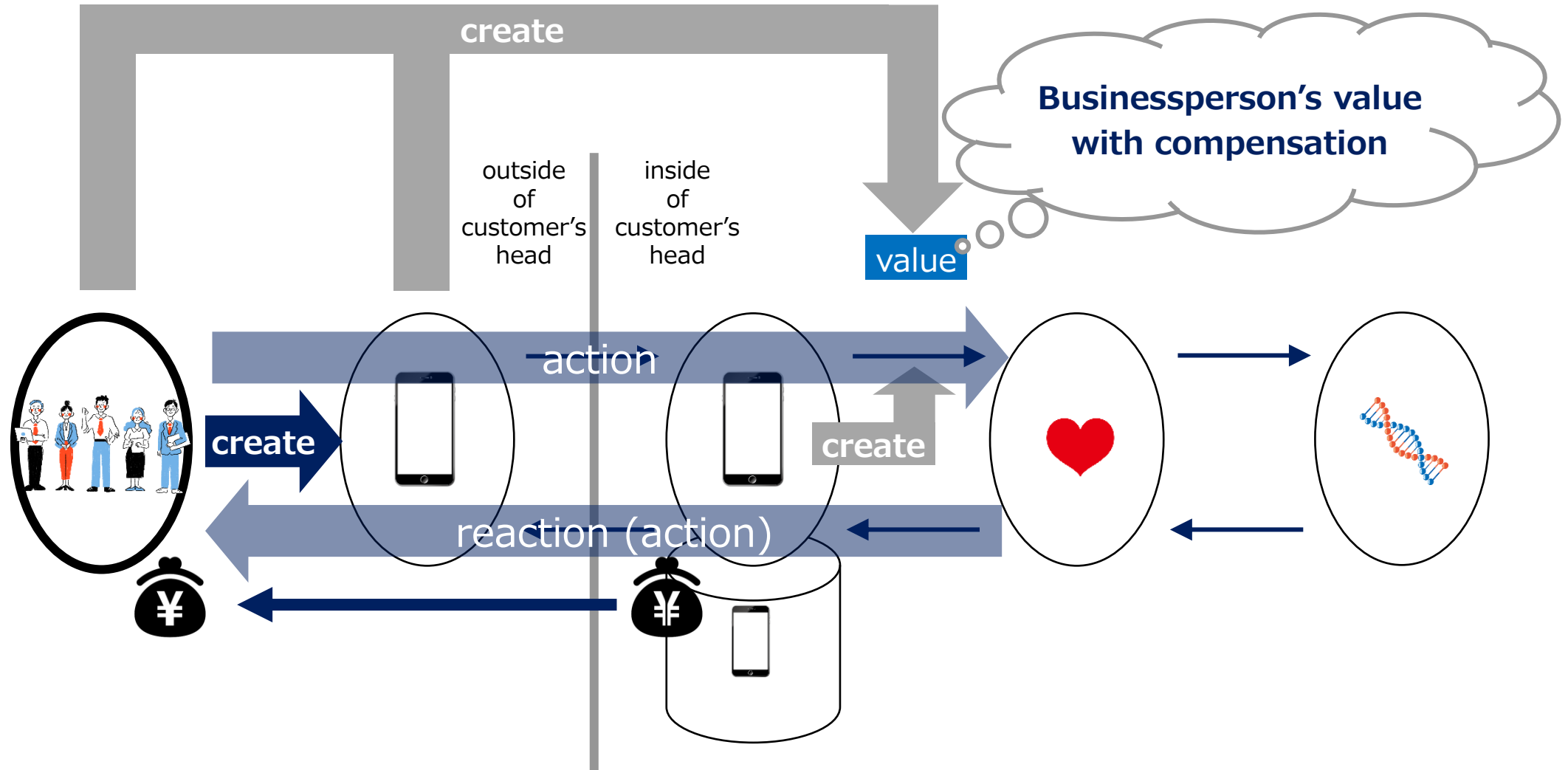
[What is a product?]

Suppl.: The initial (fundamental) product is a businessperson.



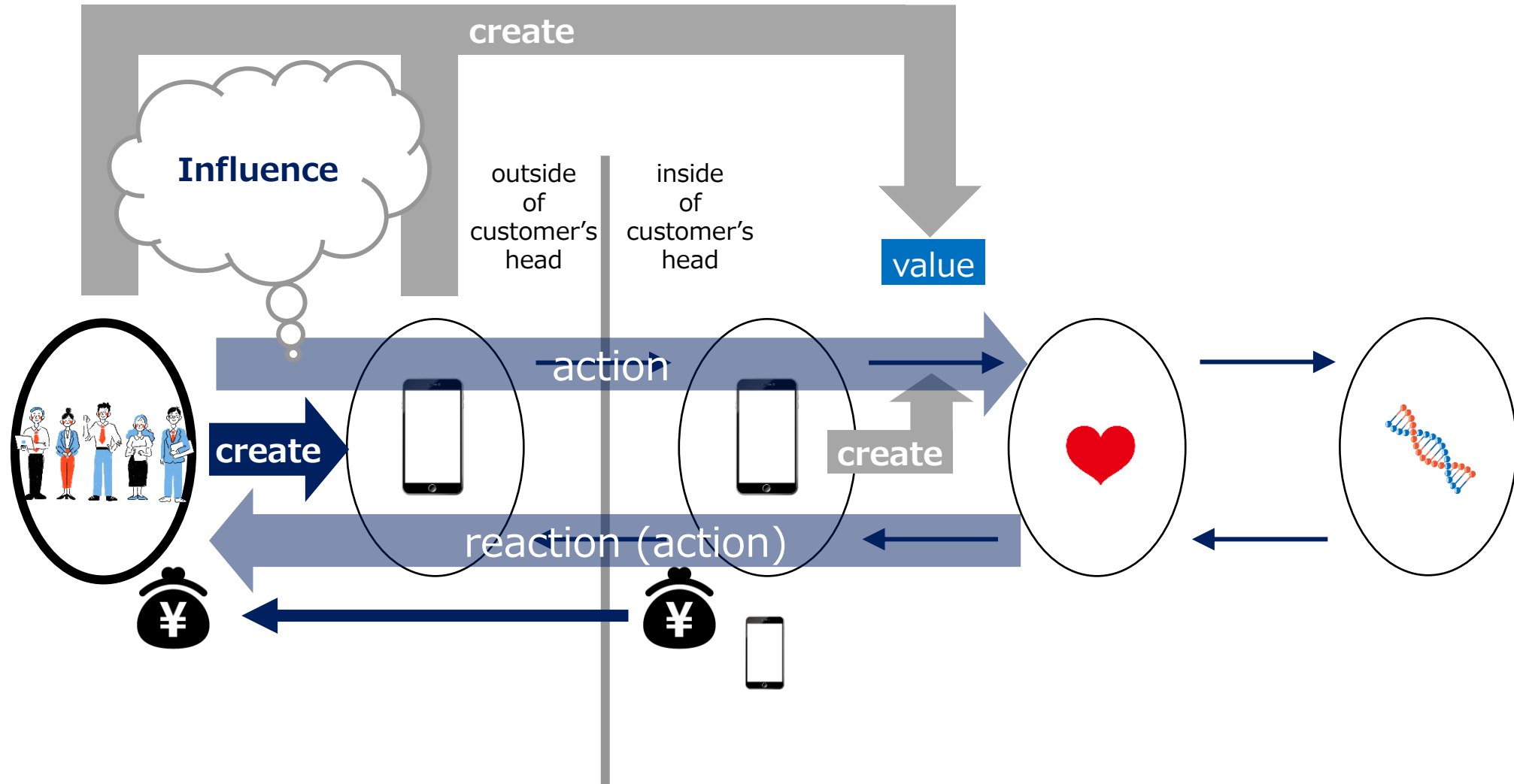
[What is a product?]

Suppl.: Fundamentally, the value of a product is the value of a businessperson.



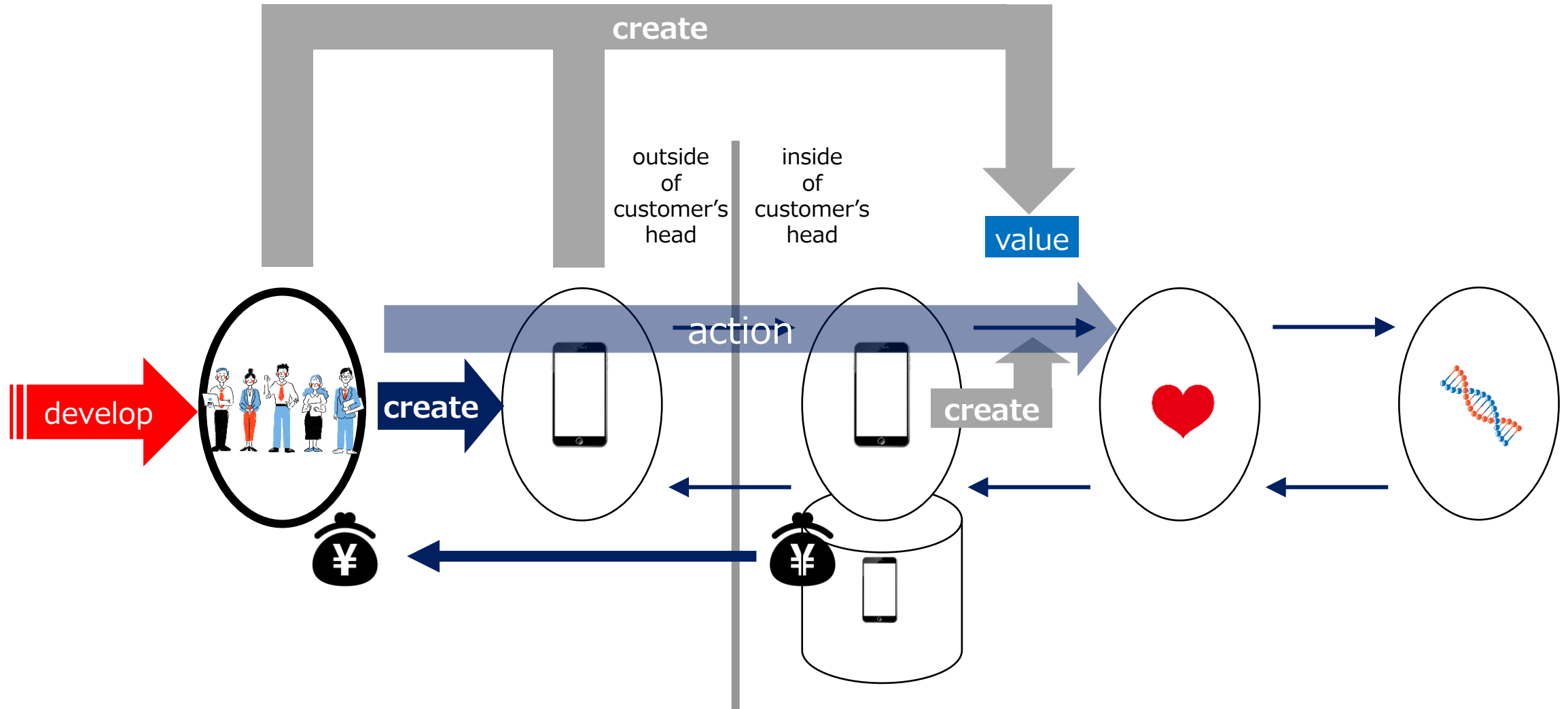
[What is a product?]

Suppl.: Product value can also be called an influence that a businessperson has on their customers.



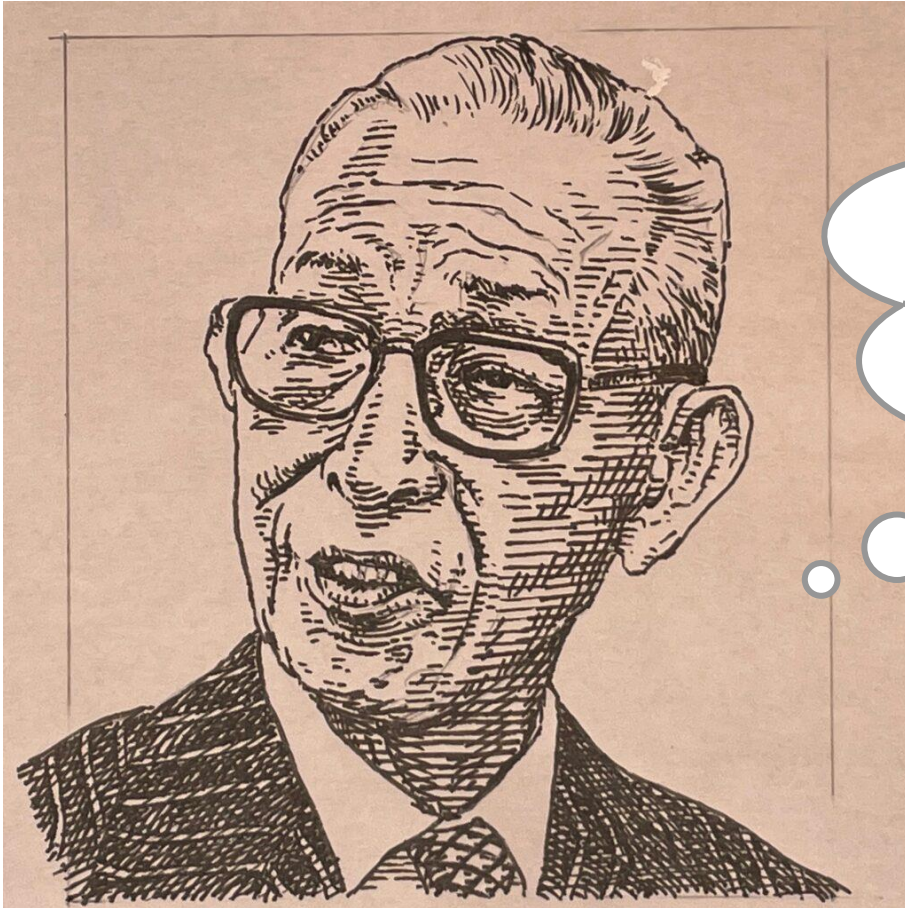
[What is a product?]

Suppl.: People development is the fundamental creation of a product and product value.



[What is a product?]

Suppl.: Konosuke Matsushita (founder of Panasonic) understood the essence of a product.



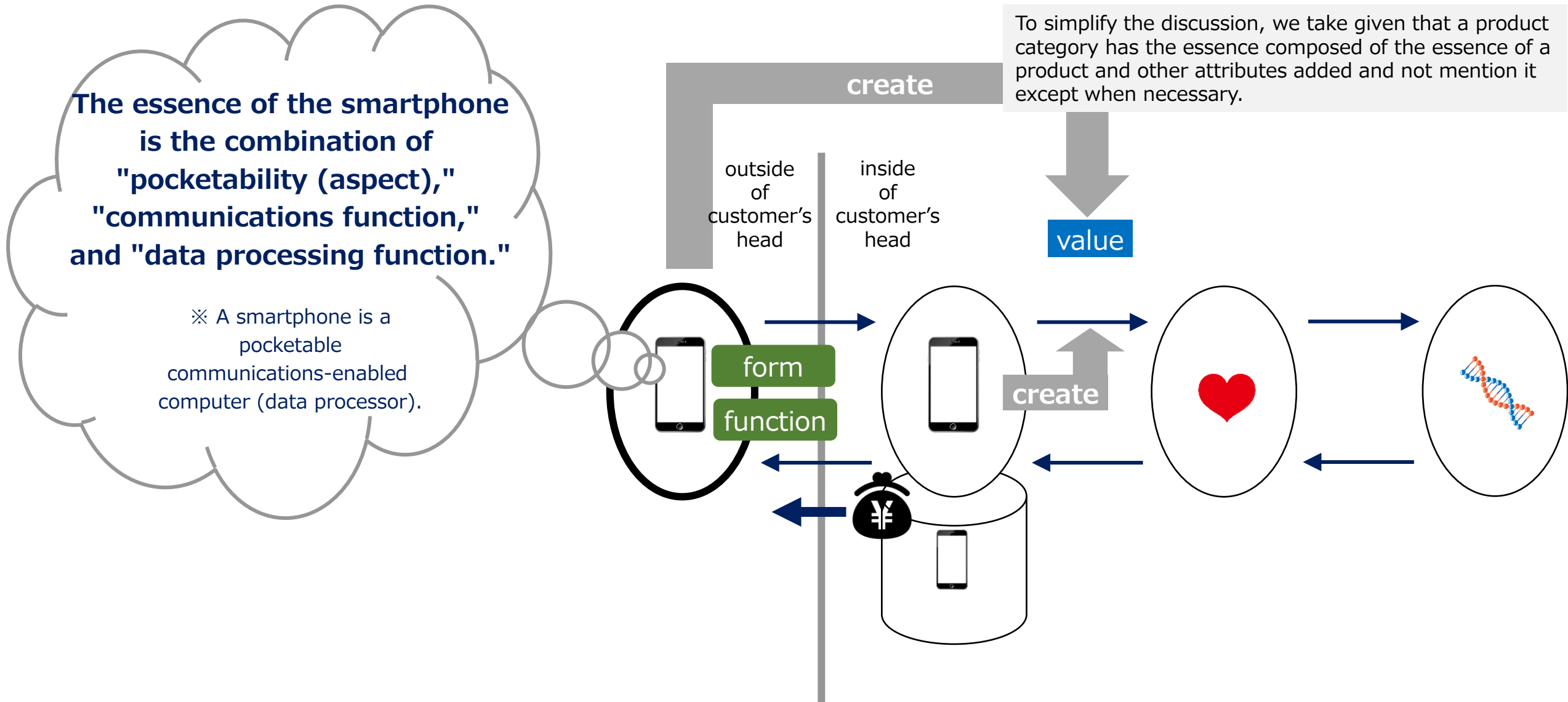
Konosuke Matsushita (1894-1989)

**"Matsushita Electric Industrial (now Panasonic)
is a company that develops people
before making products."**

PHP Research Institute
(founded by Konosuke Matsushita)

[What is a product?]

Suppl.: The essence of a product category is mainly the combination of aspects and function (1).

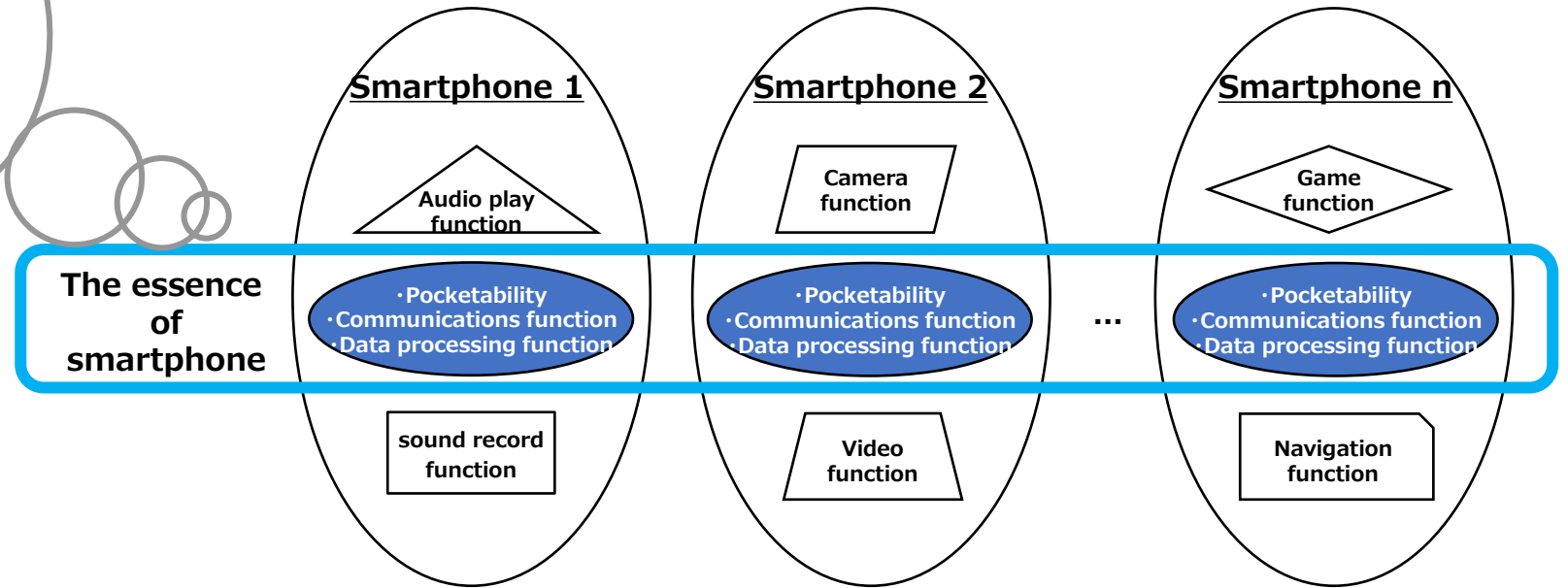


[What is a product?]

Suppl.: The essence of a product category is mainly the combination of aspects and function (2).

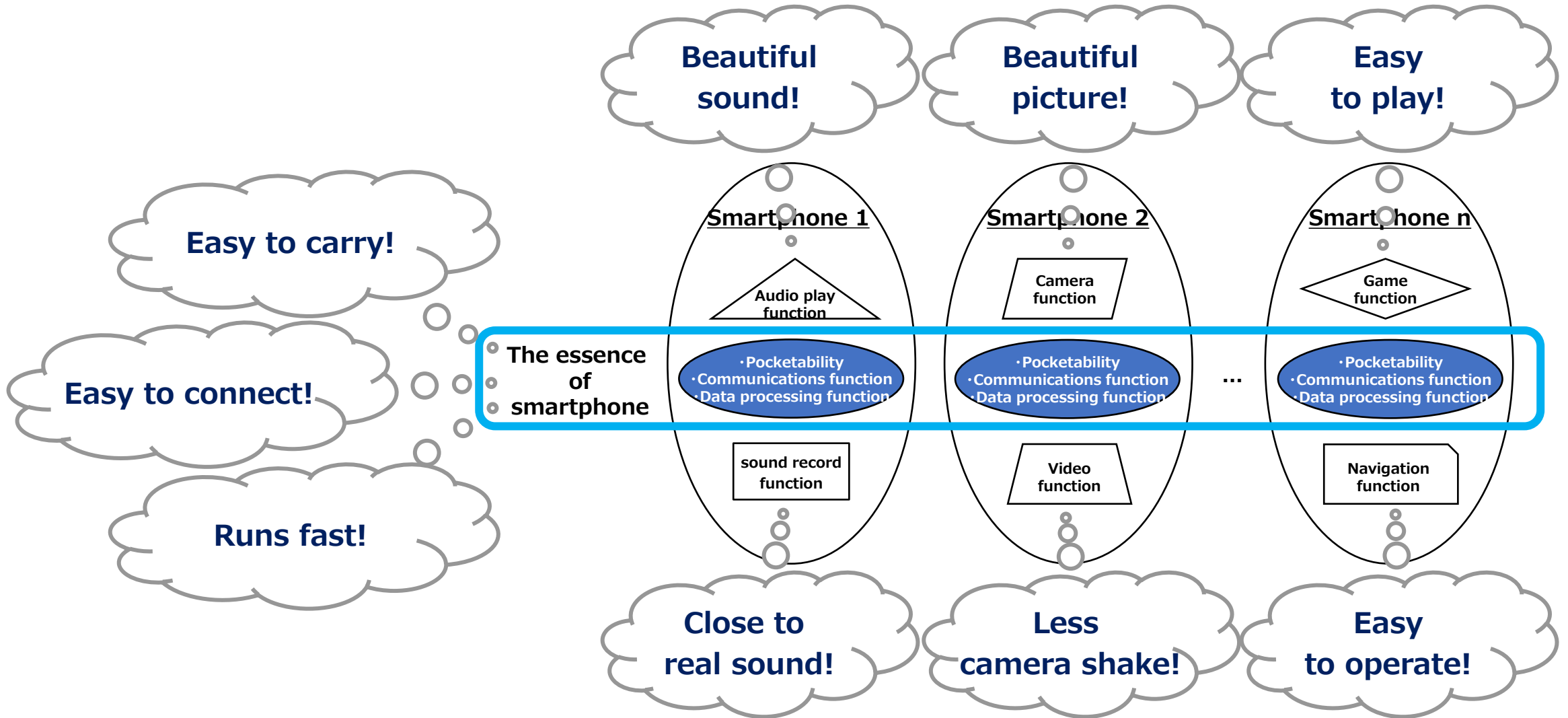
The essence of the smartphone is the combination of "pocketability (form)," "communications function," and "data processing function."

※ A smartphone is a pocketable communications-enabled computer (data processor).



[What is a product?]

Suppl.: Product value can be increased by increasing the value of essence or accidents of a product category.



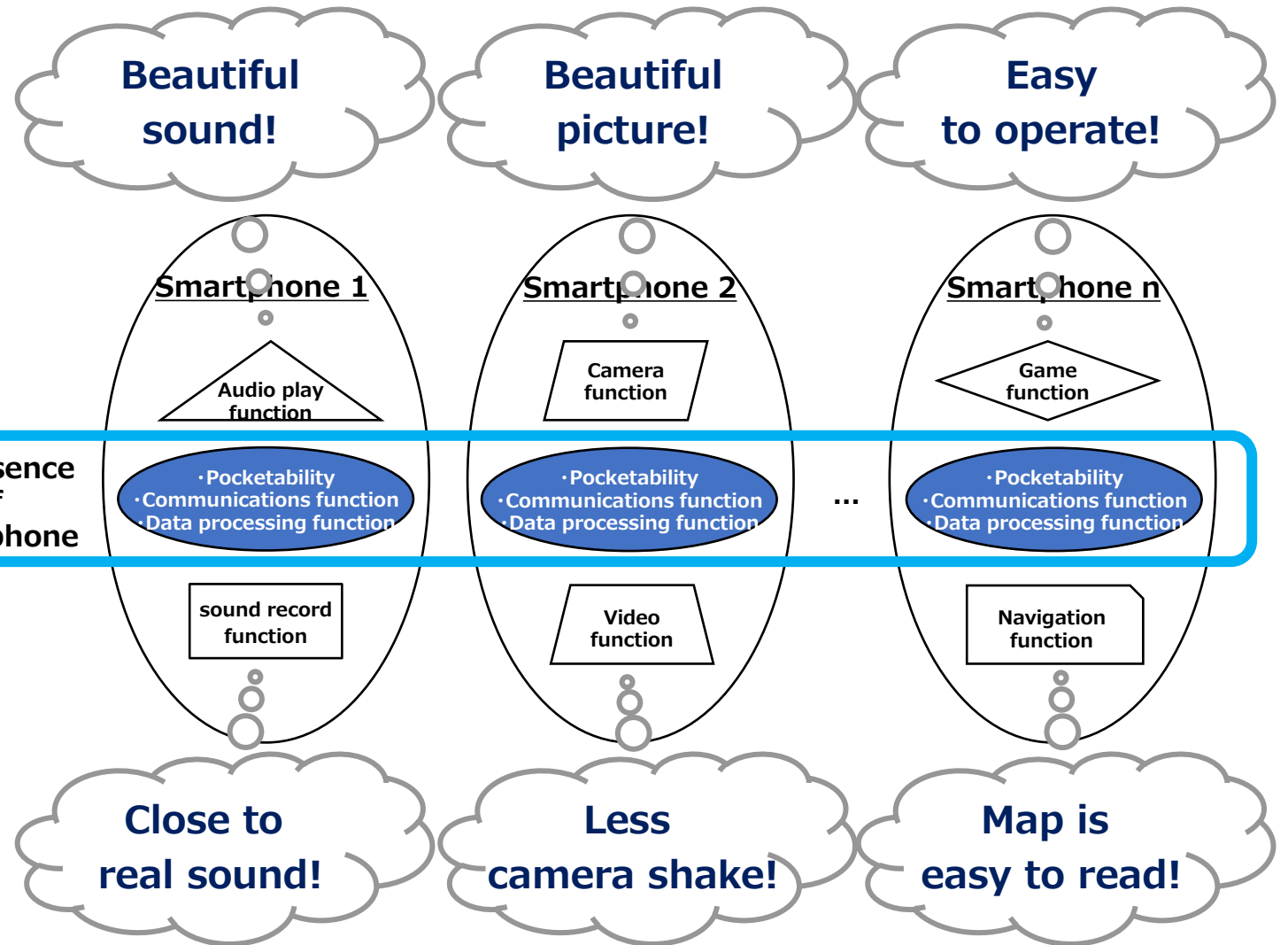
[What is a product?]

Suppl.: Increasing the value of essence should be prioritized.

Increase the product value for some customers



• The essence of smartphone

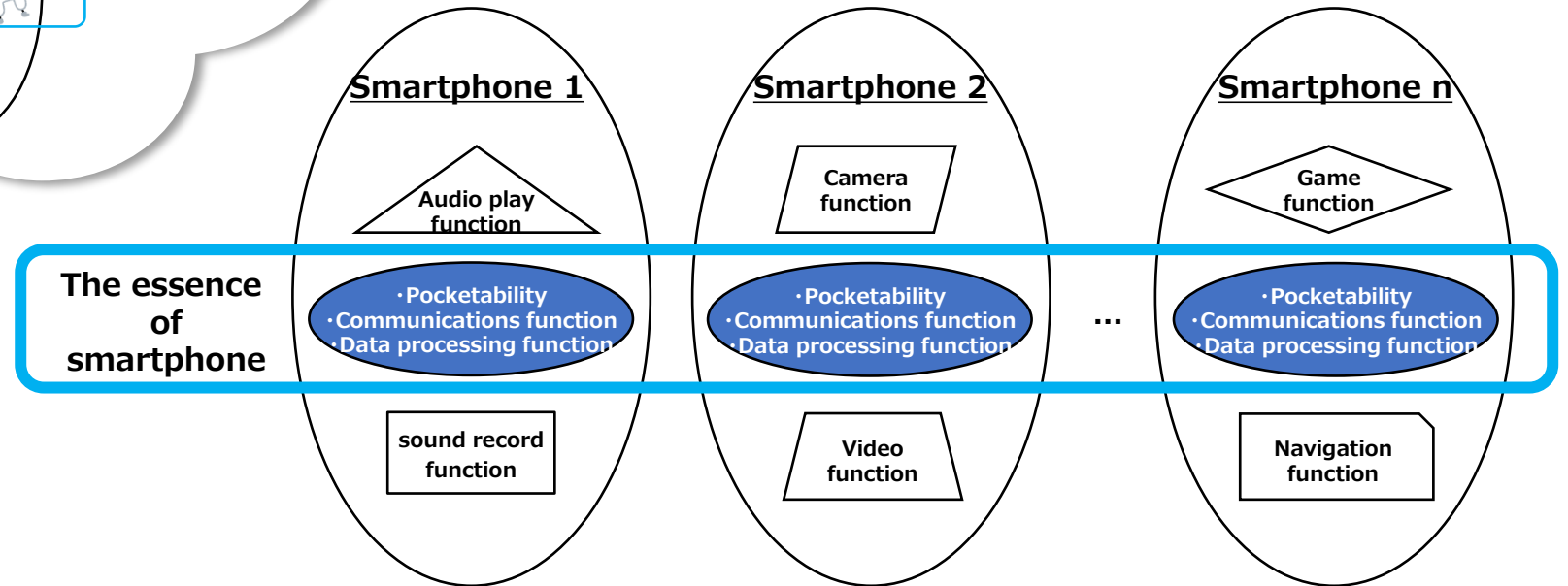
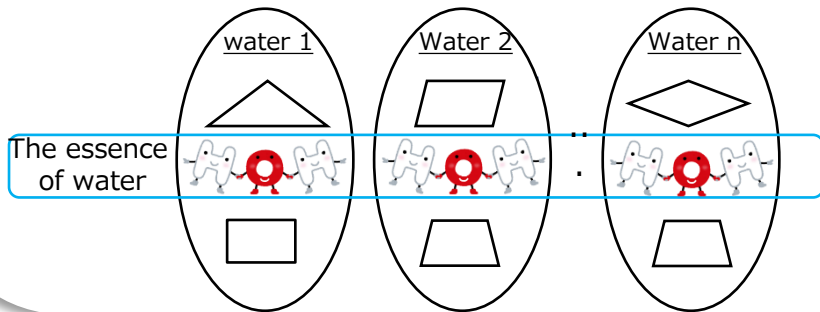


Increase the product value for some customers

[What is a product?]

Suppl.: The essence of a product category is a thing to be created by people.

The essence of a natural thing
is a thing to be discovered by people.



[What is a product?]

Suppl.: The essence of a product concept is a thing to be created by people.

Before the advent of Sony Walkman

Audio equipment is the thing that has the essence, a combination of "sound play" and "recording" function.

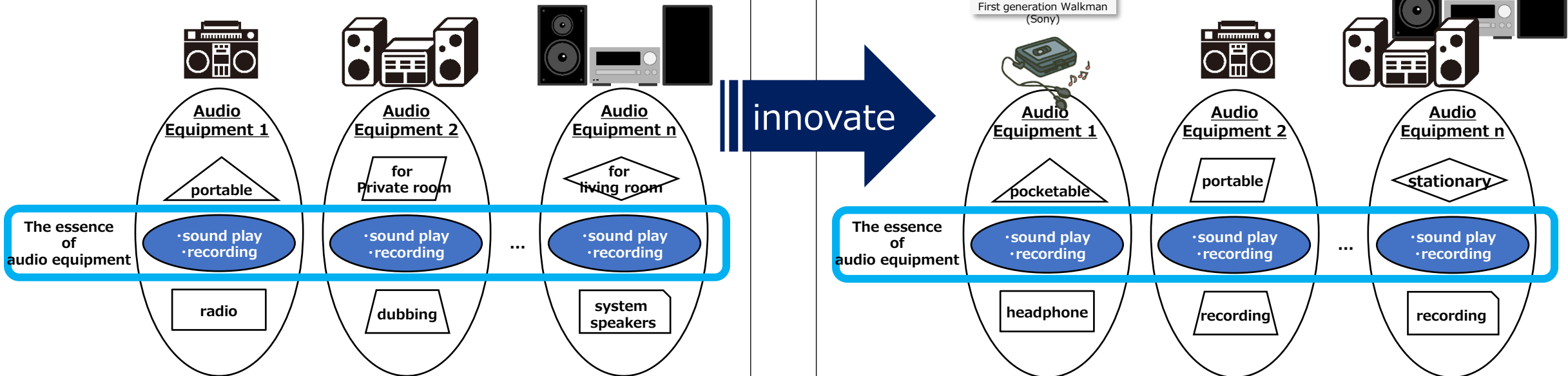
After the advent of Sony Walkman

Audio equipment is the thing that has the essence, "sound play" function.

By removing the sound record function, the device became pocketable, creating the new value of ubiquitous audio fun.



First generation Walkman (Sony)

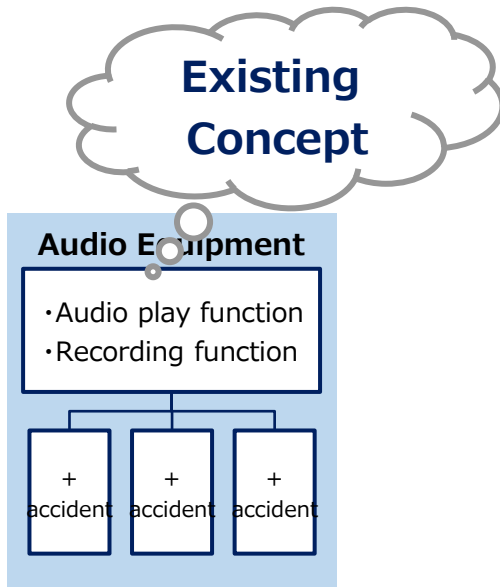


[What is a product?]

Suppl: Sony Walkman created a higher-level concept and a parallel concept of the existing concepts.

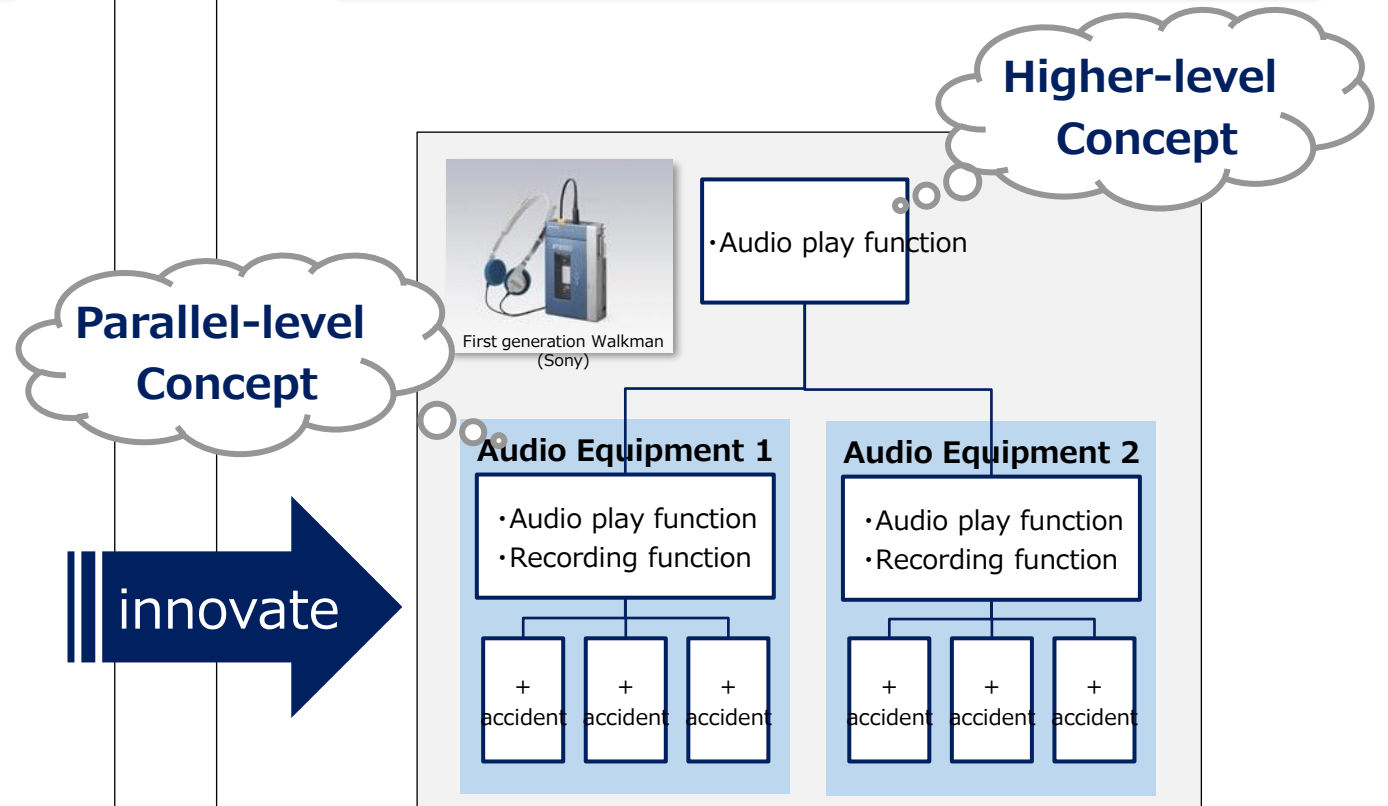
Before the advent of Sony Walkman

Audio equipment is the thing that has the essence, a combination of "sound play" and "recording" function.



After the advent of Sony Walkman

Audio equipment is the thing that has the essence, "sound play" function.



[What is a product?]

Suppl.: Apple iPhone also created a higher-level concept of the existing concepts.

Before the advent of smartphone

Apple® today introduced iPhone, combining three products—a revolutionary mobile phone, a widescreen iPod® with touch controls, and a breakthrough Internet communications device with desktop-class email, web browsing, searching and maps—into one small and lightweight handheld device.

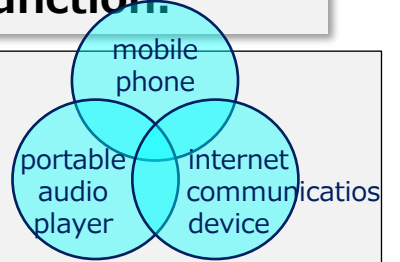
* Apple press release (January 9, 2007)

After the advent of smartphone

Smartphone is a thing that has the essence, a combination of "pocketability," "communications function," and "data processing function."

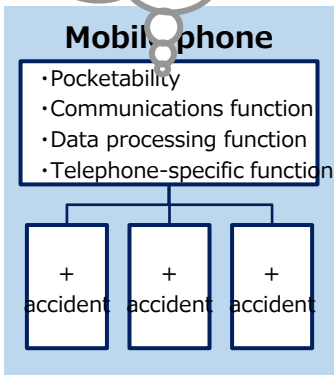
Higher-level Concept

- Pocketability
- Communication function
- Data processing function

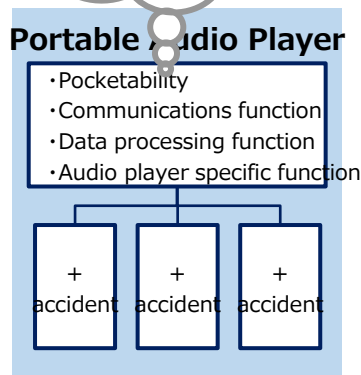


innovate

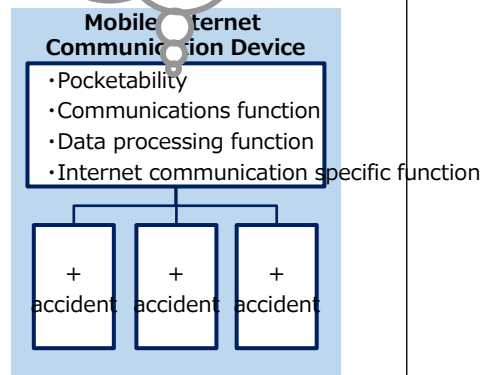
Existing Concept



Existing Concept



Existing Concept



Mobile phone

- Pocketability
 - Communications function
 - Data processing function
 - Phone specific function
- Three boxes below, each containing a plus sign and the word 'accident'.

Portable Audio Player

- Pocketability
 - Communications function
 - Data processing function
 - Audio player specific function
- Three boxes below, each containing a plus sign and the word 'accident'.

Portable Internet Communication Device

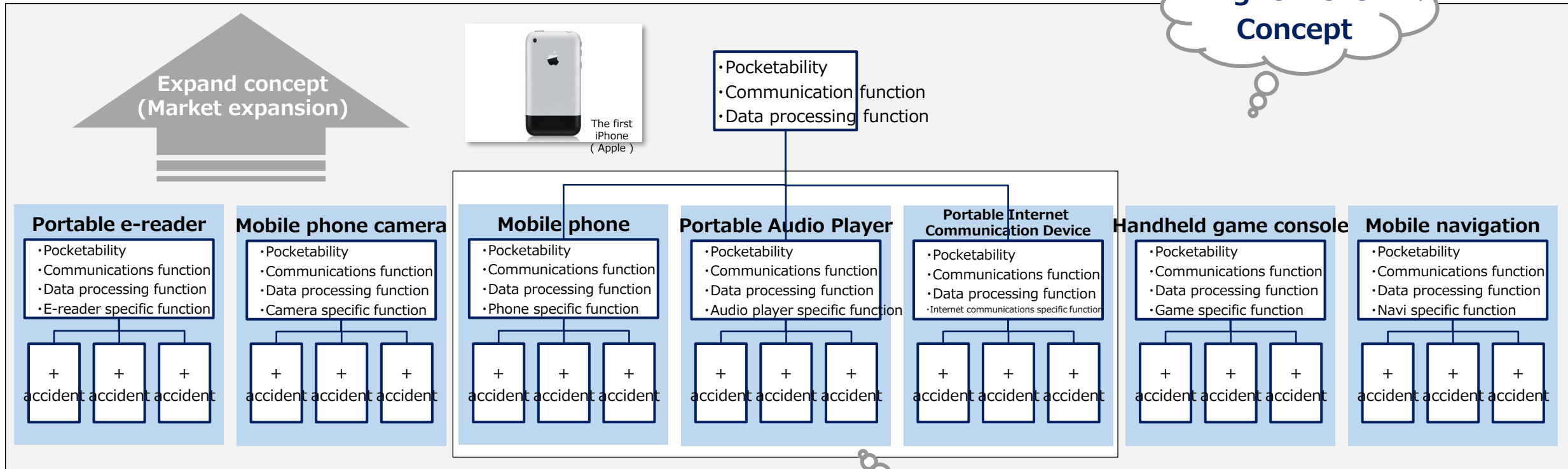
- Pocketability
 - Communications function
 - Data processing function
 - Internet communications specific function
- Three boxes below, each containing a plus sign and the word 'accident'.

[What is a product?]

Suppl.: iPhone created an overwhelmingly broad concept.

"Reduce and Expand"

Higher-level Concept

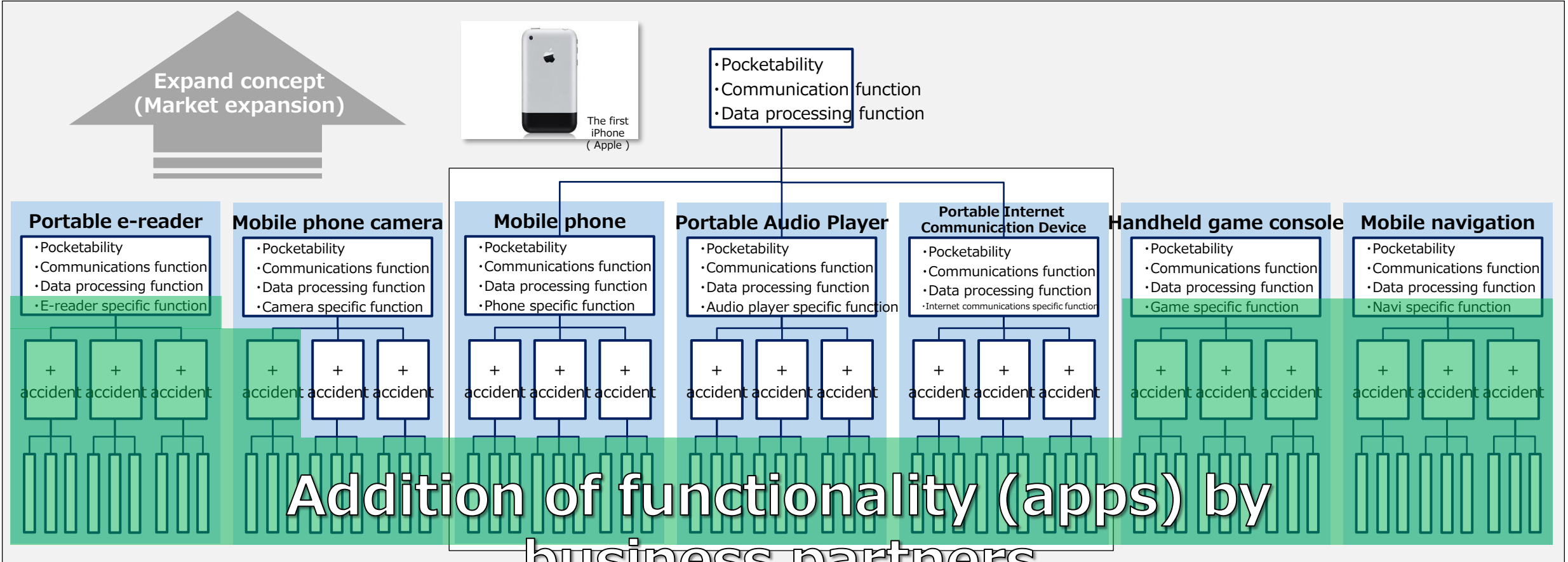


Existing Concept

[What is a product?]

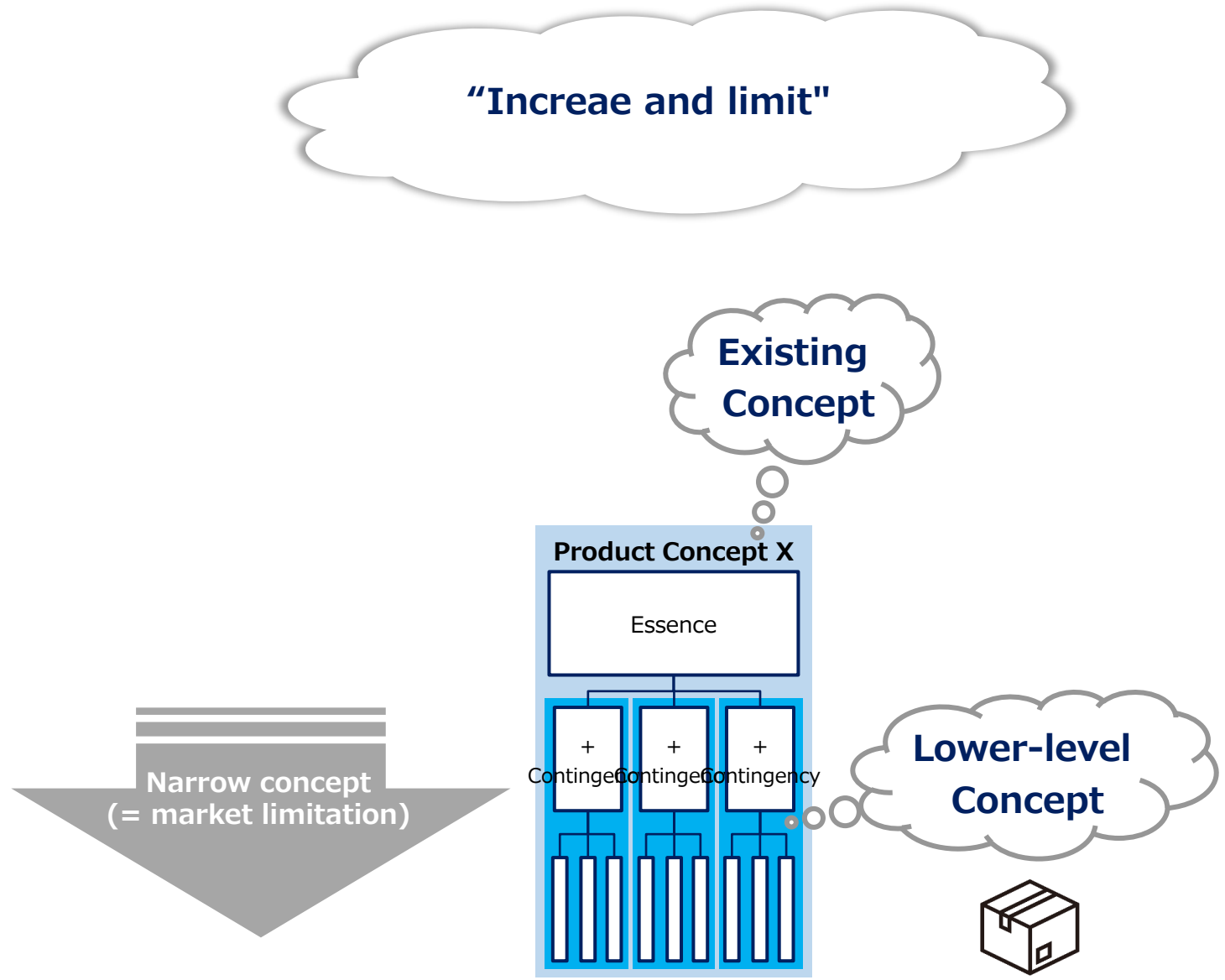
Suppl.: iPhone opened up adding accidents to business partners around the world.

**Customizable
with the help of the whole world**



[What is a product?]

Suppl.: In the world, so many lower-level product concepts of existing concepts are being created.



[What is a product?]

Suppl.: Dictionaries do not tell you what product is.

In the first place,
what is sold is not
a product but
product value.

Even if what is sold would be a product,
a product is not necessarily made to be sold,
sometimes made for a hobby and happen to
be sold.

Even if what is sold would be a product,
“Be sold” usually means “be exchanged
with money.”
“Be exchanged with compensation”
should be the correct expression.



something that is made to be sold,

usually something that is produced by an industrial process,

or, less commonly, something that is grown or obtained through farming.

Cambridge Dictionary

This means just an industrial product,
does not mean what a product is.

This means just an agricultural product,
does not mean what a product is.

