

# THE IMPACT OF GLOBAL TALENT LEGACY BUSINESS TRANSFORMATION AT BUNACO

*Nitin Hingarh\*,  
Cristian Vlad\*\*,  
Hideki Ishida\*\*\*,  
Hirotoshi Sato\*\*\*\*,  
Takatomo Itoi\*\*\*\*\**

**Abstract.** *This research illustrates how a small-size interior goods manufacturer, Bunaco, utilized talent diversity and created cross-border initiatives to innovate products, services and the business model. It also provides insight into how legacy firms can successfully activate inclusion and provide opportunities for organizational transformation and business growth.*

**Keywords:** *talent, global, management, cross-border, Japan, innovation, transformation*

## 1. Background

Bunaco was initially created as a local startup in 1956, nearly a decade after WWII, in the city of Hirosaki. Aomori prefecture, in Japan, and it was later incorporated as a local manufacturer of wood products in 1963. Situated at the north of the Honshu Island, Aomori prefecture is a region rich in Japanese beech (*buna* in Japanese), with a strong agriculture and fisheries base (Rauch, 2012). Being surrounded by the ample beech forests in Aomori, the founders of Bunaco embarked upon the creation of hand-made interior products made from beech wood, in an attempt to remind the product owners of the importance of being connected with nature through the touch and strong fragrance of beech wood (Imai, 2018).

## 2. Research Methodology

This research emerged through a combination of 168 employee surveys, 6 individual interviews with Bunaco managers and executive directors, and 3 focus group

---

\* Ph.D. Candidate, Babes Bolyai University, email: [nitin@ambikajapan.com](mailto:nitin@ambikajapan.com)

\*\* Ph.D. Candidate, Bucharest University of Economic Studies, Globis University Partner Faculty, email: [cristian@japancreativeenterprise.jp](mailto:cristian@japancreativeenterprise.jp)

\*\*\* PhD Candidate, Bucharest University of Economic Studies, email: [hideki@japancreativeenterprise.jp](mailto:hideki@japancreativeenterprise.jp)

\*\*\*\* PhD Candidate, Bucharest University of Economic Studies, email: [seize.the.day1013@gmail.com](mailto:seize.the.day1013@gmail.com)

\*\*\*\*\* PhD Candidate, Bucharest University of Economic Studies, email: [takatomo.itoi@gmail.com](mailto:takatomo.itoi@gmail.com)

discussions with Bunaco craftsmen. The authors of this research also utilized participatory observation as a practice of research, as they were involved in various business transformation initiatives as in-house consultants.

### **3. Bunaco Business Overview**

The early years of the business saw a rapid growth driven by the local Japanese market, as Japan was reconstructing heavily after WWII and the local customers were eager to upgrade their living environments through modern interior design and elegant housing goods. As a relatively small business developed in the most northeastern side of the Honshu Island, Aomori prefecture, remote from all major urban areas of Japan, Bunaco was one of the main providers of employment to local talent, people who were working hard to meet market needs in the 1960s and the 1970s (Yotsu, 1971). The business grew fast in a top-down hierarchical manner, typical of the manufacturing industry in those days. New hires would be made straight out of local high schools and vocational schools, lateral hiring being relatively rare (an exception, rather than a regular practice). The newcomers had to spend three to five years learning the trade of woodworking and would gradually grow into higher roles as the business would consider them ready for new challenges and responsibilities. This kind of paternal and hierarchical practice is common in the Confucianist cultures of East Asia to the extent that locals no longer associate it with Confucianism, but they consider it an undebatable component of their own cultures.

In line with local Shinto and mountain worship practices, Bunaco craftsmen would see to that a specific ritual was conducted every time a beech tree would be felled, and Bunaco employees were frequently expected to participate proactively in these rituals. Participating in the sacred rituals of bringing beech trees from the mountains was considered a necessary rite of passage for the business and an important initiation, reconfirmation and reconciliation process for the employees. The Shinto practice is frequently found in Japanese business, through the presence of Shinto altars and rituals connected to daily business operations (Watahiki et al, 2024).

People working at Bunaco were strongly encouraged to consider the privilege of working on blessed wood from the forests nearby and they were taught to treat each object they created as a unique masterpiece, carrying the soul of the mountains and the blessings of the forest.

In mid-1970s, though, selling to the local market in Japan was becoming a more complex process than ever, as distribution across various regions of the country was becoming easier due to the modern developments in infrastructure. Under these circumstances, the industry witnessed the appearance of new players: sales brokers and middle-agencies – firms which would constrict industry profitability and would bargain with local manufacturers on price at the sake of convenience, such as stock management, national distribution and sales.

### **4. Shifting from a Small Business to a Nation-wide Interior Goods Manufacturer**

Bunaco was lured by the convenience of working through the middle-man and outsource marketing, promotions and sales functions, considering that they could focus on while the knew how to do best – manufacturing. Although market demand was constantly growing, pricing was also becoming a strong issue, as working through middle-agencies was straining profitability and multiple industrial competitors were on

the rise. New product innovation was also stalling, as most employees were focused mainly on the successful production and delivery of incumbent products. Bunaco CEO Masanao Kurata acknowledged in late 1970s that time had come for a large-scale transformation, in terms of product development, organizational engineering, innovation management and sales.

“What had gotten us here simply wouldn’t take us any further”, Kurata CEO / (author’s personal notes / participatory observation notes) confessed in an interview discussion. It became obvious to him that a business transformation of unprecedented scale and speed was needed in order to ensure the continuity of business, as many other similar competitors were already either on the rim of bankruptcy or were contemplating being acquired by larger national chains of product manufacturing and distribution.

After a series of discussions with major internal and external stakeholders, business consultants and operation partners, Kurata decided to shift away from top-down hierarchical decision making and introduce a culture of innovation, risk-taking and collaboration at all levels. Agile processes of business operations were introduced in the early 1980s, through a reviewed and updated version of Toyota’s Manufacturing Process (TMS) and LEEN operations. Kurata realized that just-in-time manufacturing processes had enabled the business to scale up operations and respond to the rapidly emerging market needs of the 1970s at the detriment of innovation and talent engagement. Employees had been working according to clearly pre-defined and minutely documented job descriptions, functioning in accordance to carefully orchestrated processes and in response to market needs. The hand-made business of interior goods was beginning to lose its competitive advantage, as industrial manufacturers of similar products were becoming industrial leaders and profitability within the industry was under major pressure, leading to fierce price competition.

## **5. Reconsidering Business Strategy**

In response to this complex business situation, Kurata decided to reconsider strategy and to focus on developing meaningful and relevant competitive advantage through design, branding and user engagement. Through a series of value definition workshops, training and employee engagement events, the “user” was defined as internal (employees, material providers, investors, suppliers, partner companies and consulting firms) and external (customers, regulators, society) and Bunaco employees worked across silos to re-engineer processes and insert added-value throughout each step of the product development and manufacturing business, with special focus on design, talent and communications.

Although shifting from a hierarchical organization operating in full respect of local Shinto traditions to a flat organization, operating based on agile practices, was not easy, the initial results came fast – Bunaco rapidly developed a new and modern line-up of tableware, interior goods and lighting products, as product developers were now working closely with marketers, branding specialists, sales and marketing professionals and communicators, both internally and externally. As early as 1981, Bunaco was receiving its first public recognition in terms of the prestigious “Good Design Prize” for its new and innovative products.

Agile operation practices further enabled the craftsmen and product developers of Bunaco have stronger collaboration through daily engagements with internal marketing and communications specialists, who, through direct collaboration with Kurata CEO, decided to better communicate the Bunaco brand to the broader public

locally in Japan and internationally too, through a series of minutely crafted branding stories. Therefore, product marketers, talent operators and internal communicators engaged daily with the handicraft workers and with providers of raw material to better understand the rituals of felling beech trees within the Shirakami-sanchi region of Aomori, which had been registered as a UNESCO's World Heritage Site in 1993, and to weave these rituals into branding and communication stories, which were later shared with sellers and distributors globally.

The combination of modern design with the Aomori beech-felling ritual stories helped Bunaco establish a unique position on the market, keeping the brand away from price competition. In 2008, Bunaco's Yauatcha Tea Sets were chosen by Victoria and Albert Museum for their permanent exhibition of modern Japanese art. This event, along with numerous other local and international prizes for design and branding, elevated Bunaco to the status of a global brand, position which other product competitors from Japan could not easily achieve. This transformation from a local brand on the brink of potential extinction to a worldwide-celebrated brand has been made possible through the efforts of multiple types of business professionals, ranging from craftsmen to marketers and communicators, working together in an agile format across traditional business units to create and communicate their unique hand-made products to global markets, artists and curators. Agile practice enabled Bunaco's organizational architects to reconsider their teaming approach, to adopt modern and innovative ways value co-creation, to develop and enhance specialized expertise and to foster a timely and effective collaboration. On the contrary, this achievement would not have been possible had everyone worked in the traditional hierarchical and siloed system, inherited from the early days of Bunaco's foundation.

In an attempt to strengthen business sustainability by enhanced customer intimacy through a better and timelier match of supply and demand, Bunaco marketers decided to reach out to emerging cognitive technology, such as Machine Learning, ChatGPT and Generative AI to create customer personas. Based on these digitally developed personas, Bunaco marketer would work with internal communications and IT professionals to create targeted digital communications on multiple social platforms to better reach customers on the digital platform of their choice, or, in many cases, on multiple platforms concurrently.

The same approach to redefining user experience (UX) was utilized for redesigning the employee experience internally at Bunaco. Multiple cognitive technologies and digital platforms, such as intelligent algorithms, Machine Learning, Intelligent Learning Management Systems (LMS), Slack, Zoom, Chatbots and ChatGPT were utilized to monitor and enhance employee engagement and to provide talent operators with timely insights related to employee health, learning progress and career development opportunities. The multiple restrictions and the remote work arrangements emerging during the global Covid-19 pandemic provided talent operators at Bunaco with a period of time to explore, learn and prototype multiple cognitive technologies. Robotic Process Automation (RPA) was an immediate answer to the legacy need of modernizing employee transactions and shifting rapidly from paper-based operations, requiring corporate seals, individual stamps, prints, physical folders, storage and desks to digital operations, which would enable remote working and simple, on-line operations.

For deskless workers who would not usually be working from an individual computer, the digitalization processes of employee interactions and transactions provided

each employee with the opportunity to connect and interact with the business from their personal devices, in a safe and convenient manner.

The rapid cognitive technology adoption and the digitalization of talent operations at Bunaco had multiple positive aspects, such as faster approvals, enhanced visibility of internal transaction, virtual communication and remote collaboration at a time when people could not easily and conveniently meet in person, during the Covid-19 pandemic. During this time, though, Bunaco employees also voiced concerns over too much digitalization, Zoom fatigue and constant digital monitoring of business activities and personal matters. At repeated employee requests to turn off machines outside working hours, Bunaco issued an internal announcement in 2021 informing employees that they no longer needed to be connected outside regular business hours and that turning off microphones and video cameras on Zoom when someone was not actively speaking would be considered acceptable business practices.

## **6. Behavioral Transformation**

The talent operators at Bunaco observed multiple positive behavioral transformations related to cognitive technology utilization within their employee population. Most notably, 8 of the managers interviewed indicated observations on less commuting time, proactive and timely collaboration across business units, shorter and more effective meetings (up to maximum 30 minutes; previously, meetings could last for hours), no need to participate in optional corporate events, such as drinking parties, bonding events and corporate outings, an increased desire to learn and acquire new skills and capabilities on-line, enhanced employment engagement and a strong desire to revise and update the legacy Employee Value Proposition (EVP). On the downside, though, digital fatigue and remote-work related family issues were among the primary concerns. Work-family conflict would also be the main reason of stress for working mothers nationally (Masuda, 2021). At Bunaco, though, 63% of the employee population were working mothers in 2023, and 96% of the population interviewed indicated that they could manage both work engagements and family commitments. Remote work-related problems were rapidly becoming an issue of national concern, as many Japanese homes do not have enough space to provide all family members with the comfort and privacy necessary for conducting remote work in a psychologically safe manner (Takahashi et al, 2023).

## **7. Closing Remarks**

In recent years, Bunaco's commitment to SDG initiatives, especially in terms of education and sustainability, has further contributed to strengthening the brand. Major hospitality service providers, such as Aspect Niseko, Yokohama Bay Hotel Tokyu, Hoshino Resorts, Conrad Tokyo, The Peninsula Tokyo and The Ritz Carlton Kyoto are among the many global hoteliers which display, utilize and market Bunaco goods in Japan.

## **BIBLIOGRAPHY**

### **In English**

Masuda, Y. (2021) Work–Family Conflict and the Coping Behaviors of Working Mothers: Focusing on Well-Being. *Japanese Journal of Social*

*Welfare*, 2021, 62(3), 1-16. Doi:10.24469/jssw.62.3\_1.

Rausch, A. S. (2012). "Tradition and Modernity Merged in Tsugaru Nuri Lacquerware." *Wearing Cultural Styles in Japan: Concepts of Tradition and Modernity in Practice* 171.

Takahashi, T., Law, K., Dobrin, C., Dutescu, A., & Marchis, D. (2023). Understanding Familial Conflict Issues on Working from Home on Japanese White-Collar Workers in Central Tokyo. *Romanian Economic and Business Review*, 18(1), 47-64.

Watahiki, N.; Gatan, L., Vlad, C.; Hingarh, N.; Iqbal, S. (2024), In-house Shrines in Japanese Corporations and their Background (2024), *Analele Universității din Oradea Seria Relații Internaționale și Studii Europene*, XVI:199-217

Yotsu, R. (1971). *The Woodwork Manufacturing Estates in Japan* (Doctoral dissertation, Tohoku University).

### **In Japanese**

Imai. S. (2018). "A Study on Maki Woodwork in Hirosaki City: A Comparison of Hirosaki "Bunako" and Takayama "Senmaki". 1-23.