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## The Challenges of Nakagawa Masashichi Shoten, a 300-Year-Old Company —Weaving Tradition, Creating the Future—

"Revitalizing Japanese Crafts!"

### The Management Philosophy of Nakagawa Masashichi Shoten

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#### 1. Introduction: Background of the Study

Japan is a country with an exceptionally high number of long-lived companies by global standards. According to a survey by Teikoku Databank, there are approximately 30,000 companies founded over 100 years ago, and over 1,000 companies founded over 200 years ago. This is a remarkably high figure compared to other countries, which is why Japan is called the "nation of long-established companies (Shinise). "The study of the factors underlying the survival of these long-lived companies—not only from the perspective of business administration but also from the viewpoints of history and cultural anthropology—has attracted significant research attention worldwide.

However, these long-established companies have not necessarily enjoyed smooth sailing. Many companies have disappeared owing to factors such as changes in the social environment, industrial decline, wars, and natural disasters. The survivors are assumed to have achieved innovation and transformation in some form (Sone, 2019). In other words, long-established companies are entities that have found their logic of survival within the tension between "tradition" and "innovation."

Nakagawa Masashichi Shoten—the subject of this paper—is a long-established company originating from the ramietextile industry (Nara-sarashi). It was founded in 1716 and has survived for over 300 years. While the Nara-sarashi industry itself declined during the Meiji period, the company expanded beyond its core ramie textiles to include lifestyle goods based on crafts from across Japan. As of October 2025, it operates 67 directly managed retail stores nationwide under its name. During the fiscal year ending February 2025, its total sales reached ¥9.2 billion, and the workforce expanded to 618 employees. Particularly, ever since the 13th-generation head, Masashichi Nakagawa (real name: Atsushi), joined the family business in 2002, the company has pursued the management philosophy of "Revitalizing Japanese Crafts!" It aims to "break away from merely

selling goods to building a brand," and has, therefore, endeavored to establish a unique brand. It operates directly managed stores and has transformed from a manufacturing wholesaler to a manufacturing retailer (SPA model), achieving profitability. Since 2009, the company has also begun providing management consulting services for the corporate revitalization of craft manufacturers. These bold reforms are academically noteworthy.

## **2. Historical Background and Factors for Survival**

### **2.1 Founding and the Rise of Nara-Sarashi**

The origins of Nakagawa Masashichi Shoten date back to 1716 (the first year of the Kyoho era), when it began handling Nara-sarashi. Nara-sarashi—a bleached ramie cloth used for samurai's kimono trousers and tea towels—was one of Nara's primary industries during the Edo period. At that time, Nara was a religious city centered around shrines such as Kasuga Grand Shrine and temples like Todaiji. Ramie and Hemp, which are considered sacred plants, were intimately connected to offerings to shrines and temples and to the culture of the tea ceremony. Within this cultural context, Nara-sarashi acquired high esteem and was even designated as a supplier to the Edo Shogunate. Notably, records from 1749 document the donation of stone lanterns to Kasuga Grand Shrine, confirming the business name "Nakagawa Masashichi" at this time. This indicates the family had established a social status beyond that of a mere local merchant.

### **2.2 Decline of the Nara-Sarashi Industry**

However, Nara-Sarashi rapidly declined during the Meiji period. The rise of superior products and cotton from other regions, coupled with the disappearance of the samurai class—its primary customer base—proved decisive, leading to the industry's decline. The era of the 9th Nakagawa Masashichi (late Meiji period) was precisely when this industry experienced the crisis of extinction.

The 10th-generation head, Masashichi, is credited with introducing groundbreaking systems for the time, such as factory production and piecework wages. For this reason, he is regarded as the figure who "prolonged the life of Nara-Sarashi." He is said to have been personally involved in manufacturing and endeavored to pass on the techniques. Although the number of employees temporarily expanded to around 30, even this could not halt the overall decline of the industry.

### **2.3 Diversification and Business Succession**

The 11th-generation head, Iwakichi, experienced an extremely difficult choice during Japan's high-growth period: either mechanize production or relocate manufacturing overseas. To preserve the traditional texture of hand-spun and hand-woven ramie textile, he opted for overseas production (in Korea and China) using manual techniques. Furthermore, following the decline of Nara-sarashi, the Nakagawa family shifted their business focus to tea ceremony utensils and textile goods. During the eras of the 11th and 12th generations, Iwakichi and Iwao, respectively, the business centered on small-scale, cottage-industry-style operations. During this period, survival depended on niche markets, such as tea ceremony utensils.

Records also indicate that they engaged in side businesses such as money lending (usury) and sake brewing, illustrating how regional merchants sought diverse revenue streams to survive.

### **2.4 From Post-war to the High-Growth Era**

During the era of the 12th-generation head, Iwao Nakagawa (post-war to the high-growth period), the business expanded, primarily centered on tea ceremony utensils, reaching sales of approximately 1 billion yen. Three major factors contributed to the company's survival during this period: first,

support from a stable demand of tea ceremony culture; second, adapting to the expansion of consumption during the high-growth period; and third, maintaining the trust relationships cultivated as a locally rooted merchant family.

### **3. Management Reforms by the 13th-Generation Head, Masashichi Nakagawa**

#### **3.1 Background Leading to Succession**

The 13th-generation head, Masashichi Nakagawa, was born in Nara City in 1974. As a child, he grew up familiar with the workplace, often playing with employees<sup>1</sup>. He attended Kyoto University's Faculty of Law and joined Fujitsu in 2000. After acquiring nearly two years of corporate experience, he returned to the family business. He stated that he joined Fujitsu "because they were the first to offer me a job." Learning systematic business management within a large corporation proved valuable for his subsequent management reforms<sup>2</sup>.

His father never directly asked him to take over the business. In fact, his grandfather, the 11th-generation head, Iwakichi, had said, "This child isn't suited for business, he should become an academic." However, he possessed an innate sense of responsibility as the direct male heir to the family business. Furthermore, witnessing the deterioration of the business operations at the time inspired him to implement management reforms.

#### **3.2 Formulating the Vision: "Revitalizing Japanese Crafts!"**

After returning to the family business, Nakagawa turned around loss-making divisions, achieving profitability within nearly three years<sup>3</sup>. This experience enabled him to realize that "the next step was clarifying the company's overall direction." In 2007, he established the vision, "Revitalizing Japanese Crafts!"<sup>4</sup>.

This vision was not merely a slogan; it included quantitative goals. The shipment value of traditional crafts from production areas, tracked by the Ministry of Economy, Trade and Industry, had declined from a peak of ¥550 billion to ¥80 billion by the 2010s. Nakagawa set the goal of "restoring this to at least ¥300 billion," defining that Nakagawa Masashichi Shoten should shoulder 10% (¥30 billion) of this. In other words, the company's growth was envisioned as intertwined with the revival of the entire industry.

Evoking enthusiasm and support for this vision proved challenging. Initially, employees were perplexed and struggled to grasp the significance of the goal. However, Nakagawa persistently instilled the philosophy through company-wide meetings, email communications, and dinner gatherings with store staff. Furthermore, he demonstrated tangible results by showcasing reconstruction cases of consulting clients (such as Maruhiro—a ceramics manufacturer in Hasami, Nagasaki), giving employees a tangible sense of "revitalizing crafts."

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<sup>1</sup>"Until I was nine, my grandmother's house was basically just walking through the workplace, so I saw it, and I do remember the employees at the time playing with me" (Masashichi Nakagawa XIII, March 24, 2025).

<sup>2</sup> Regarding his experience at other companies, Mr. Nakagawa stated, "I think it was beneficial. I was fortunate to have a great direct supervisor. That supervisor became the foundation for how I conduct myself in management roles" (Masashichi Nakagawa XIII, March 24, 2025).

<sup>3</sup> "I just read books relentlessly. I really studied back then. Since I hadn't studied at all during university, I worked hard" (Masashichi Nakagawa, 13th Generation, March 24, 2025).

<sup>4</sup> "Since 2007, we've championed the vision 'Revitalize Japanese Crafts!' We've refined its resolution and translated it into concrete numbers. This isn't just a slogan; it's a tangible, achievable goal we've set for ourselves" (13th Generation Masashichi Nakagawa, March 24, 2025).

This process went beyond mere philosophy dissemination; it was "persuasion through results." Ultimately, it reached a stage where employees could spontaneously articulate the vision themselves. Through these efforts, the company explicitly communicated its direction both internally and externally, attracting like-minded individuals from across the country, driving further growth.

*I think back in 2011, there was probably a perception that I was doing this all on my own. No, that's not it. I kept emphasizing that this was something the entire company, including everyone in the shops, was working on together. It was about different roles and responsibilities. Whenever a new shop opened, I would always go before the opening, create a dinner gathering including part-time staff, and talk about what the vision truly meant, making sure even those less aware understood. I kept having these conversations. After five or six years, I think we've finally reached a point where, if asked what work everyone is doing within the company, we can proudly say we're working to revitalize Japanese crafts (13th Generation, Masashichi Nakagawa, March 24, 2025).*

### **3.3 Business Model Innovation and the Porter Prize**

To achieve this vision, Nakagawa restructured the business not as "diversification" but as "functional expansion." Specifically, this involved peripheral initiatives such as expanding the network of company-owned stores, providing management consulting to other craft manufacturers, educational services, and regional support projects (including establishing the Japan Craft Producing Regions Association in 2017). However, the purpose of all these initiatives was to provide necessary functions to "revitalize crafts," not to pursue revenue diversification.

This unique business model earned the company the "Porter Prize" in 2015. The Porter Prize recognizes strategically outstanding Japanese companies, marking the moment when Nakagawa Masashichi Shoten's innovation as an "old-established (Shinise) venture" acquired academic recognition.

Particularly noteworthy is its management consulting business. The company was involved with over 60 companies by 2025, achieving results by introducing the concept of "management" into the operations of craft manufacturers. This broke through the structural problem where Japan's craft industry had remained confined to being a "manufacturing sector lacking management functions."

### **3.4 Abandoning the IPO and Talent Strategy**

Mr. Nakagawa reportedly considered going public at one point. The goal was less about raising capital and more about "attracting top talent." He had aimed to enhance the corporate brand through an IPO, but winning the Porter Prize in 2015 achieved this objective<sup>5</sup>, eliminating the need for listing.

This decision demonstrates a stance prioritizing long-term vision over dependence on the short-termism of capital markets. In recruitment, the criterion is "resonance with the vision over salary levels," and indeed, personnel committed to the company's philosophy are thriving. The following year, in 2016, Mr. Nakagawa himself received the Excellence Award at the Japan Innovator Awards (Nikkei BP), which selects original figures in industry<sup>6</sup>.

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<sup>5</sup> "I believed we had a fighting chance. If we're talking about unique strategy, Nakagawa Masashichi Shoten, which established the SPA business model in the IT industry, certainly has the credentials to step up" (Nakagawa, 2017, p.203).

<sup>6</sup> "I feel a bit hesitant about being called an innovator, but if an innovator is someone who challenges things ordinary people wouldn't think of, or ventures into areas others might give up on before even starting, then I believe I have that qualification too" (Nakagawa, 2017, p. 204).

### 3.5 Overseas Expansion and Recognizing Limitations

Since 2019, Nakagawa Masashichi Shoten has been actively promoting overseas expansion. While promoting wholesale sales to local retailers and opening stores on e-commerce malls, in 2019, it held its first overseas consulting project in collaboration with a Taiwanese government agency and hosted a large-scale event, "Taiwan Expo: The Great Japan Market." For the consulting project, it collaborated with the ceramics manufacturer Jardine in Yingge— Taiwan's ceramics production area—for nearly a year and a half to review management policies and implement branding. As a result, the tableware brand KŌGA (Xu Family Ceramics) was launched in 2020. After the brand's launch in Taiwan, it achieved approximately ten times its crowdfunding sales target and attracted significant attention. Furthermore, sales commenced in Japan in 2021, demonstrating its international expansion.

Since 2019, the company has been opening pop-up stores mainly in Asian cities such as Taipei, Beijing, Shanghai, and Seoul. It aims to further accelerate its global expansion, opening a long-term pop-up store in London by 2026 and its first overseas flagship store by 2030.

While overseas strategies inevitably present challenges, the company positions this as part of its "craft dissemination" vision. Embracing a new era, Nakagawa Masashichi Shoten is undertaking the endeavor of "bringing Japanese craftsmanship to the world"<sup>7</sup>.

### 3.6 Retirement and Redefining the Founder Family's Role

Mr. Nakagawa stepped down as president in 2018 and as chairman in 2025, withdrawing from the front lines of management. While he remains involved as a shareholder, he has explicitly stated his intention to entrust the company primarily to the current management team.

He also relinquished the name "Nakagawa Masashichi" he had assumed and unified his published works under his real name, "Nakagawa Jun." This decision aimed to clarify the boundary between the individual and the company, curbing the "excessive symbolism" associated with the founding family.

This decision poses new questions about succession models for long-established companies. Nakagawa stated, "I don't believe survival is the ultimate goal just because we're a long-established company. The company exists to achieve its vision."

The reforms of the 13th Nakagawa Masashichi can be described as a "second founding" for the long-established company. Broadly, they encompass four key points: first, vision formulation and quantification; second, introducing management concepts to the craft industry<sup>8</sup>; third, redefining the company's social mission; and fourth, reconstructing the role of the founding family.

These were not mere corporate reforms but transformations with ripple effects across Japan's entire craft industry. In this sense, the 13th-generation head, Masashichi Nakagawa, deserves to be

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<sup>7</sup> Regarding future challenges, Mr. Nakagawa stated, "We aim to sell products overseas and achieve proper brand recognition internationally. We've been dabbling in it over the past few years, but continuing to dabble probably won't yield anything. I think this fiscal year and beyond is when we need to shift gears and dive in deeper. That's where the challenge lies, while still seeing a path forward where we can say, 'If we do it this way, it should work' "(13th Generation Masashichi Nakagawa, March 24, 2025).

<sup>8</sup> "The challenge for manufacturers in the crafts industry is the absence of management. It's not that they're bad at management; the concept of management itself doesn't exist. This is a structural problem. Traditionally, there were regional wholesalers who handled the management functions, allowing craft manufacturers to operate purely as production units. That system collapsed, and for the past 30 years, they've operated without management" (13th Generation Masashichi Nakagawa, March 24, 2025).

called a "revival founder," though he himself humbly remarked, "That judgment is for 100 years from now."

## **4. Challenges and Strategies for Traditional Industries**

### **4.1 The Crisis Surrounding Traditional Industries**

Japan's traditional industries enjoyed steady demand from the post-war period through the high-growth era. However, the advent of a mass-production, mass-consumption society after the 1970s led to their rapid decline. According to the Ministry of Economy, Trade and Industry statistics, the shipment value of the traditional crafts industry plummeted from its peak of ¥550 billion to around ¥80 billion in the 2010s. The number of production areas is also decreasing annually, while the aging of artisans and the shortage of successors are becoming increasingly severe.

The following factors underlie this crisis:

1. Lifestyle changes: Demand for traditional cultural goods such as Japanese clothing, tableware, and tea ceremony utensils has declined.
2. Vulnerability of the division of labor structure: Traditional industries have long relied on a division of labor system, implying that if wholesalers become dysfunctional, the entire production area collapses in a chain reaction.
3. Lack of business management concepts: While manufacturers often prioritize their skills as "artisans," they frequently lack business management and brand strategy.
4. Global competition: Cheap Chinese and Southeast Asian products have flooded the market, placing domestic crafts at a disadvantage in price competition.

In the words of Mr. Nakagawa, "all production areas are suffering." In other words, this is not a problem of individual companies, but a crisis of the industrial structure itself.

### **4.2 Nakagawa Masashichi Shoten's Strategic Response**

Facing this crisis, Nakagawa Masashichi Shoten formulated a strategy aligned with its vision: "Revitalizing Japanese Crafts!" Its key features can be summarized in three points.

1. Shifting from Number of Producing Regions to Number of Product Categories: Revising Strategic Goals  
Initially, the goal was to "preserve 300 production areas." However, considering the pandemic and market-size constraints, the policy was revised to "focus on 50 product categories." This shift from idealism to realistic choice is based on the harsh recognition that "saving all production areas is impossible."
2. Shift toward Vertical Integration  
Traditionally, Nakagawa Masashichi Shoten adhered to a "no capital intervention" policy, limiting its involvement with regional producers to consulting and sales support without investing capital. However, in recent years, the lack of successors and absence of management in production areas have become pronounced, leading to a situation where "the management entity itself is disappearing." Consequently, the company has begun to consider capital participation and vertical integration as future possibilities.
3. Challenging Overseas Markets  
Aiming to expand outlets for crafts, the company is exploring overseas markets, primarily in Asia. Pop-up stores in Taiwan and Shanghai exemplify this effort. Leveraging expertise acquired in Asia, the company plans to expand into the European market starting in 2026 to promote brand recognition.

### **4.3 Specific Examples of Regional Revitalization**

Among the consulting projects undertaken by Nakagawa Masashichi Shoten, the case of Hasami ware's "Maruhiro" is particularly symbolic. The company was on the verge of bankruptcy, but under Nakagawa's guidance, it successfully rebuilt its brand and revitalized itself into a ceramics manufacturer popular with younger consumers.

This case became a powerful and persuasive tool for Nakagawa Shichisaburo Shoten's employees. Nakagawa reflects, "Seeing the craft manufacturer we consulted with actually revitalize itself made our employees believe in the vision." In other words, sharing the philosophy took root not through abstract persuasion, but by visualizing concrete results.

Activities to save the craft industry are often perceived as NPO-like or non-profit endeavors. However, Nakagawa emphasizes, "There is meaning in doing this as a for-profit company." If the activities were left to an NPO, craft support would end up being seen as "charity" or "subsidy dependency." His recognition is that ensuring profits and survival as a for-profit company is what leads to sustainable support. Nakagawa Masashichi Shoten is building a model that enhances its own brand value through supporting the craft industry while simultaneously realizing social significance.

However, this vision and strategy were not welcomed from the outset. Initially, many employees were perplexed, asking, "Why should we open up our know-how to other companies?"

In response, Mr. Nakagawa demonstrated concrete results and repeatedly emphasized the vision at internal events and meetings. One year, he invited Maruhiro's son to the company general meeting. He tirelessly emphasized how consulting had revitalized the company, explaining that "the entire organizational structure of Nakagawa Masashichi Shoten achieved this" and that "Maruhiro's success stems directly from the daily efforts of staff selling its products in stores." Gradually, he transformed the organizational culture.

Nakagawa Masashichi Shoten's strategy is groundbreaking in introducing business management concepts to the craft industry and achieving tangible results in revitalizing production areas. However, challenges remain. Nakagawa himself repeatedly emphasizes that "the deficit-prone nature of craft production areas stems from the absence of management." In other words, the greatest crisis is not a lack of technique or tradition, but the absence of skilled management personnel.

In response to this crisis threatening traditional industries, Nakagawa Masashichi Shoten has pursued a strategy that could be termed "realistic idealism." While upholding the ideal of rescuing all production areas, it realistically narrowed its focus to 50 product categories and shifted toward accepting capital participation. This model of fulfilling a social mission while maintaining the framework of a for-profit enterprise offers valuable insights for other long-established companies and SMEs.

## **5. Business Succession and Family Business**

### **5.1 Framework for Family Business Succession**

One representative analytical framework in family business research is the Three-Circle Model (Tagiuri & Davis, 1996). This model understands the complex interplay of interests in family businesses through the intersecting relationships of three circles: "Family," "Ownership," and "Business."

In the case of Nakagawa Masashichi Shoten, the three circles largely overlapped until the era of the 13th-generation head, Masashichi Nakagawa—that is, the business leader came from the founding family, shares were held by family members, and management control remained with the family. However, in 2025, Ayako Sengoku—an individual outside the founding family—assumed

the position of president. This separation of the family and business circles marked the transition from founding family management to professional management.

## **5.2 Flexibility in Succession Through Adoption**

A characteristic feature of long-established Japanese companies is succession through adoption. Nakagawa Masashichi Shoten was no exception; both the 10th-generation head, Masashichi, and the 11th-generation head, Iwakichi, succeeded the family business as adopted sons. In an era when direct male heirs were not born, bringing in an outstanding successor from outside was a rational choice to "prevent the family business from dying out."

This flexibility is often cited as a factor in the longevity of long-standing companies (Yoshimura & Sone, 2006). For Nakagawa Masashichi Shoten, welcoming adopted sons preserved both the "family name" and the "business," ultimately enabling the company to survive the transition from the Edo to the Meiji period.

## **5.3 The Era of Direct-Line Male Succession: From the 12th to the 13th Generation**

The 12th-generation head, Iwao, was born as the first direct male heir in many generations and assumed leadership of the business. His son, the 13th-generation head, Nakagawa Jun, was also a direct male heir. Although he was not explicitly told to succeed the business during his childhood, a strong belief persisted among his grandmother and father's generation that "it was only natural for the direct male heir to succeed."

Interestingly, there is an anecdote that the 11th-generation head, Iwakichi, stated shortly before his death, "This child is not suited for business; make him a scholar." This indicates that even within the family, opinions were divided on succession. It highlights the diverse family expectations and conflicts surrounding business succession.

## **5.4 Name Succession and Symbolic Capital**

The 13th-generation head, Masashichi Nakagawa, adopted the traditional family name "Nakagawa Masashichi" in 2016, coinciding with the company's 300th anniversary. This was a choice not strictly necessary in modern times, so much so that his father questioned him, "Why are you doing this?" However, it yielded a significant effect: even when appearing on NHK without mentioning the company name, being introduced as "the 13th-generation Nakagawa Masashichi" instantly conveyed the company's historical depth.

This case demonstrates how inheriting the name functioned as symbolic capital, integral to brand building. In family businesses, "name succession" is not merely a formality; it can effectively build external trust.

## **5.5 The "Founder of the Revival" and the "Second Founding"**

Research on long-established companies often employs the concept of the "founder of the revival." This refers to a figure who, several generations after founding, overcame a crisis of decline and revived the company. At Nakagawa Masashichi Shoten, the 10th-generation Masashichi, who was an adopted son, is described as "the one who attempted to prolong the life of the company during the decline of Nara-sarashi," and is considered to have played a foundational role in the revival.

The 13th-generation head, Masashichi Nakagawa, can be called a "founder of revival." He actively pursued visionary management, fundamentally restructured the business, expanded into new fields, and played a major role in overall sales growth. Given his significant ripple effect across the

entire industry, his positioning as a "second founder" is appropriate.

This point is crucial in family business research. It demonstrates that the reason long-established businesses survive is not mere inertia, but the historical fact that at each turning point, a "revival founder"-like leader emerges to drive innovation.

## **6. Management Philosophy and Organizational Culture**

### **6.1 Starting from a "Legacy Business Without a Philosophy"**

Many long-established companies have codified and passed down principles or family precepts over their extended histories. However, in the case of Nakagawa Masashichi Shoten, when the 13th-generation head, Masashichi Nakagawa, joined the company, there was no explicitly stated philosophy. According to his recollections, "There were absolutely no words or writings passed down through the generations, nor anything resembling a philosophy." The only words he received from his father, the 12th-generation president, upon the leadership transition were, "Don't be bound." This single phrase can be interpreted as encouraging intellectual flexibility, rather than viewing the traditions of the long-established company as constraints. The absence of a formal philosophy was both a weakness and, paradoxically, provided the space that enabled the next generation to conceive freely.

### **6.2 Creating a Vision: "Revitalizing Japanese Crafts!"**

The vision launched by the 13th-generation head, Masashichi Nakagawa, in 2007 was not merely a slogan but the central axis of management.

- It explicitly stated the social goal of revitalizing the entire crafts industry.
- It transcended the company's profits to encompass the survival of the entire production region.
- It was not an abstract ideal but was concretized into numerical targets (reorganizing production areas from 300 to 50).

Initially, this vision was vague for employees. They were surprised and dumbfounded, asking, "Were we targeting the crafts sector?" However, it gradually permeated the company as the management repeatedly articulated it and provided examples.

### **6.3 The Process of Vision Penetration**

The following specific measures proved effective in embedding the vision:

#### 1. Iterative Communication:

The vision was continuously explained at employee meetings and through monthly emails.

#### 2. Sharing Success Stories:

The revival case study of Maruhiro (Hasami ware)—an early consulting client—was shared with all employees to demonstrate the vision's feasibility.

#### 3. Experiential Sharing:

Before opening new stores, we always had meals with all staff, including part-timers, to directly communicate the vision.

Through these efforts, employees developed the confidence to proudly state, "Our work is about revitalizing Japanese crafts."

### **6.4 Characteristics of Organizational Culture**

After the vision took root, Nakagawa Masashichi Shoten exhibited the following cultural characteristics:

- Stubbornness: Prioritizing long-term vision over short-term profits.
- Shared Meaning: Employees understand the significance of their work through shared experiences.
- Flexibility: Boldly challenging new business areas based on the spirit of "don't get stuck."
- Shared pride: Motivation stems from the tangible sense of contributing to the revival of production regions.

These cultural traits function as a "soft control" mechanism, preventing the rigidification often seen in long-established companies.

## 6.5 Implications for Family Business Research

This case study on management philosophy and organizational culture offers the following academic implications:

- The creation of principles is "reconstruction," not "inheritance."  
Nakagawa Masashichi Shoten's philosophy was not inherited from past family precepts but newly reconstructed and created.
- Infusing philosophy requires "narratives" and "symbols"  
Sharing success stories and customer service anecdotes played a symbolic role.
- Philosophies shape culture but cannot replace talent development  
Even if principles are shared, without a well-established development system, the long-term talent foundation remains weak.

Nakagawa Masashichi Shoten's philosophy formation was a shift from being a "long-established store without a philosophy" to a "vision-driven long-established store." His father's words, "Don't be bound," fostered freedom of thought, leading to the birth of the vision: "Revitalize Japanese craftsmanship." This vision permeated the organization through steadfast practice and symbolic episodes, becoming firmly rooted as organizational culture.

## 6.6 Direction of Innovation

The 13th-generation head, Masashichi Nakagawa, expanded the business not through "diversification" but as "functional expansion contributing to the vision." Specifically, from the late 2000s, the company opened directly managed stores nationwide. By establishing its own sales network, it delivered crafts directly to consumers. Additionally, starting in 2009, it launched a consulting business, providing management support to external production areas such as Hasami ware. Furthermore, he advanced new ventures, for example, "Tea Salon" in 2018, "Shika Saru Kitsune Building" in 2021, and "Another Japan" in 2022. Additionally, he pursued brand restructuring, launching highly designed lifestyle goods such as floral dishcloths that harmonized tradition with modernity. All these initiatives were positioned as necessary means to "revitalize craftsmanship," avoiding scattered diversification.

The crises in Nakagawa Masashichi Shoten's history were not mere tests of survival but catalysts for vision creation and innovation. The 9th Masashichi resisted industrial decline, and the 13th Masashichi Nakagawa confronted the collapse of the craft industry, indicating that crises are deeply intertwined with generational transitions in family businesses.

## 7. Conclusion

### 7.1 Summary of This Case

Nakagawa Masashichi Shoten is one of Japan's leading long-established companies, operating for

over 300 years. Its survival is not due to "accidental longevity," but rather to "challenges and redefinition in each era," coupled with the pursuit of a compelling vision and persistent, unwavering endeavor. Analysis of this case leads to the following conclusions.

(1) Vision-Driven Revitalization

The 13th-generation head, Masashichi Nakagawa, established the vision "Revitalizing Japanese Crafts!" and reorganized the business not as diversification but as "functional expansion." The permeation of this vision in the organization influenced the behavioral norms of each employee and ensured consistent management decisions.

(2) Fusion of Legacy and Venture

Nakagawa Masashichi Shoten, backed by its 300-year history, actively adopted "modern methods" such as strategic thinking and external consulting. This so-called "long-established venture" evaluation succinctly represents a management model bridging tradition and innovation.

(3) A New Model for Succession and Governance

Management is entrusted to non-family members, while the founding family retains ideological influence as shareholders, achieving a "separation of ownership and management." Furthermore, it demonstrated the possibility of "non-bloodline succession" within a long-established family business.

(4) Impact on the Entire Craft Industry

Through consulting activities, the company has supported the revitalization of other production areas and manufacturers, demonstrating successful cases. It has transcended the mere pursuit of profits, addressing the structural challenges experienced by the whole industry—for example, lack of management, limitations of the division of labor system, etc.—and driving transformation. These efforts not only illustrate the conditions for the survival of long-established companies but also provide universal insights into modern management challenges.

## **7.2 Academic Implications: Contributions to Business History and Management Strategy Theory**

The case of Nakagawa Masashichi Shoten demonstrates that the historical continuity of long-established companies is not achieved through mere adherence to tradition, but rather through "multiple cycles of revitalizing innovation." Notably, the 9th Masashichi (Meiji period) and the 13th Masashichi (modern period) played pivotal roles as founders of these revitalizations. The long-term survival of long-established firms is a chain of "continuous innovation." The vision "Revitalize Japanese Crafts!" functioned not merely as a slogan, but as a strategic axis defining business selection and concentration.

The case of Nakagawa Masashichi Shoten presents a new paradigm in the study of long-established companies. That is:

- Old-established firms can only survive by repeatedly innovating
- Even if the founding family is not involved in management, they can, nonetheless, serve as standard-bearers for the company's philosophy
- Vision is the link connecting tradition and innovation

These are the three key insights.

Long-established companies survive only by continuously pursuing "meaningful innovation" for the future, not merely by preserving past legacies. Nakagawa Masashichi Shoten, as a representative example, offers valuable insights for family business studies, business history research, and management strategy theory.

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(Photo 1) Logo design renewal from 2025



(Source) From the company's website.  
(<https://www.nakagawa-masashichi.jp/shop/default.aspx>)

(Photo 2) Company website



(Source) From the company website.  
(<https://www.nakagawa-masashichi.jp/shop/default.aspx>)