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JAPAN

JAPAN INDUSTRY

HIROSHI YAMAUCHI

The billionaire behind Nintendo

Lurking inside the Kyoto headquarters of $1.6 billion (sales) Nintendo Co. Ltd. is master gamesman Hiroshi Yamauchi, who has captured 90% of the U.S.' videogame market and 85% of Japan's. Exports are now around 70% of sales.

Nintendo was started by Yamauchi's great-grandfather in 1889 as a manufacturer of Japanese playing cards known as hanafuda. Hiroshi took over in 1949, at age 22. In the early 1970s he pioneered electronic toys in Japan. Just as the Atari generation of videogames was starting to collapse in 1983, Yamauchi introduced his now familiar, far superior Nintendo games. The rest is history. The company's stock rocketed. Hiroshi's 11.4% stake was recently worth $2 billion.

Zaikai

Hiroshi Yamauchi

Yamauchi, now 63, talked to FORBES but spoke mostly in generalities. "The software must be interesting," he said. Thanks, Hiroshi. But underlying his success is a carefully thought out system of tight controls to minimize the risks of being sandbagged by the fickle whims of videogame fans. All games, even if designed abroad, are manufactured within 20 minutes of headquarters, where production can be watched and secrets kept. Favorite industry lore tells of Nintendo engineers getting locked in at night behind electronic doors meant to keep games safe from prying eyes. Yamauchi rarely visits the U.S., but son-in-law Minoru Arakawa keeps close tabs from Seattle. "They have very good expense control," says S.G. Warburg's Chuck Goto.

The most important control of all is over sales. It was a flood of cheap, ill-designed games that killed the first videogame boom in the U.S. Hence Nintendo's proprietary "lockout" chip keeping unauthorized cartridges off its machines. Industry sources say the company hypes demand by limiting the supply of some games. Yamauchi: "We can't make such accurate predictions of what will sell."

Nintendo's sober president attributes his success to luck, not acumen. His daughter recalls hearing him talk about the company's less glorious past when she was growing up. But Yamauchi is looking ahead. Nintendo will start selling a 16-bit game machine in Japan in November (competitors already offer them; the familiar Nintendo is a much simpler 8-bit computer). The 16-bit games will come to the U.S. when sales of the older games start to slow. Yamauchi is also pushing into Europe with "Game Boy," a portable model already familiar to American parents.

Beyond that lies the adult market. Nintendo started selling home banking, stock brokerage and home shopping services in Japan—using the familiar Nintendo game machine as a home terminal. A similar U.S. system is being discussed with AT&T and Fidelity Investment Services of Boston. If this catches fire, mom and dad may be making moves in the game of Life on Junior's set, and Yamauchi may one day be out of the toy business.—**Gale Eisenstodt**

SAITO FAMILY

Paper billionaire

Ryoei Saito knocked the art world on its ear in May by bidding over $160 million for van Gogh's "Portrait of Dr. Gachet" and Renoir's "Au Moulin de la Galette." He's a plunger in business, too. The 74-year-old paper magnate's family dominates Daishowa Paper Manufacturing Co. Founded by his father, Daishowa is Japan's second-largest paper manufacturer (after longtime rival Oji Paper) and its most aggressive acquirer of paper and pulp manufacturing facilities in the U.S. and in Canada.

AP/Wide World

Ryoei Saito

Binge buying got the company in trouble in the past and may be doing it again. In 1981 a rash of investments burdened the company with debt. Its main creditor, Sumitomo Bank, took control. To repay loans Saito was forced to sell off much of his art collection, golf courses and other treasured assets.

In 1983 Saito severed ties with Sumitomo and in 1985 fired a brother, Kikuzo, who reportedly had sided with the bank. At the time, Kikuzo told the Japanese press that Ryoei borrowed large sums of money from publicly held Daishowa to fund personal purchases. The company declines to comment.

Now, Daishowa's balance sheet is

starting to look messy again. The company's recent rash of acquisitions abroad and heavy capital investments at home are loading on fresh debt; debt now comes to about $2.5 billion, a 67% increase in two years. Last year the company earned $54 million on revenues of $2.4 billion. Meanwhile, the Japanese paper industry is suffering from overcapacity and higher raw materials costs, so any benefits will be long term. And unlike most publicly traded Japanese companies, Daishowa no longer has a main bank to see it through hard times.

The Saitos control around 20% of Daishowa, with other assets worth about $1 billion. Ryoei is honorary chairman, a brother is chairman and his eldest son is president. Seven family members sit on the board.—**Gale Eisenstodt**

AKIO MORITA

The acquirer who can say "yes"

Sony, the famous consumer electronics company Morita cofounded and still leads as chairman, raised a storm in America last fall when it bought Columbia Pictures for over $3 billion—the largest-ever Japanese takeover in America—after buying CBS Records for $2 billion in 1987.

Then Morita was all over the headlines again, accused of "America-bashing" as coauthor of a controversial book, *The Japan That Can Say "No."* The book, still a bestseller, was intended solely for circulation in Japan, and became a serious embarrassment for cosmopolitan Morita.

The CBS and Columbia acquisitions will transform Sony. The consumer electronics industry in the U.S. and Japan is maturing. But demand for the "software"—the sounds and images the hardware will reproduce—is expected to grow at 15% a year. Morita has big plans for Sony's new videocassette players and high-definition television sets. But his plans for the entertainment software are even more ambitious: Already the latter, according to Japan's Daiwa Research, accounts for about 25% of Sony's total sales. The Tokyo market likes this, and values "maturing" Sony high enough to make the Morita family worth $1.1 billion.—**Nobuko Hashimoto**

Dennis Bud Gray/Picture Group

Akio Morita

MASATOSHI ITO

Japan rescuing America

When Ito-Yokado, the Japanese retail giant, was first getting into the convenience store business, its mentor was Dallas-based Southland Corp., operator of the familiar 7-Eleven chain. Now Southland is looking to Ito-Yokado to bail it out of an overleveraged buyout whose junk bonds are in default.

It looks like just another Japanese conquest in America. But it's also part of a trend to globalization in retailing. If Ito-Yokado does capture Southland, it will pick up more than the 6,918 U.S. and Canadian stores: Southland's worldwide chain reaches to Hong Kong, Taiwan, Australia and Europe. Ito-Yokado comes into the U.S., companies like Toys "R" Us try to get into Japan. But they will have to bull their way past Japan's notorious Large-Scale Retail Store Law.

At 66, Masatoshi Ito has proven himself a brilliant if cautious retailer in the home market. In Japan, it can take several years to do proper market research. Ito-Yokado staffers spend at least a year getting to know the needs of local people, even living in the area, before opening a new store. The group runs 138 Ito-Yokado supermarkets, 4,012 7-Elevens (58 in Hawaii) and the Denny's Japan restaurant chain. It reported a $390 million profit in the last fiscal year. The stock held by Ito and family is worth about $1.9 billion. Any American coming in better suppose these Japanese know what they're doing.—**Hiroko Asami**

Robert Wallis/J.B. Pictures

Masatoshi Ito

TAKENAKA FAMILY

Your grandchildren's home?

The Takenakas, leading builders in Japan since the 17th century, have a modest little plan to relieve Tokyo's overcrowding and brutal commutes: a single, giant building that could house 135,000 tenants.

"Sky City 1000" would be an entire city-size community in a structure 3,300 feet high. The mammoth structure and surrounding grounds would hold office space, housing, banks, schools, theaters, parks and hospitals. High-speed elevators and a monorail would carry people up and down or about the building within minutes. Newly designed systems would supply it with energy and water. Takenaka Corp., the family company, estimates it would take 14 years and $31 billion to build one. To test some of its science fiction ideas, the company is putting up a more familiar-size building in Chiba this fall.

Meanwhile, Japan's premier builders—they built famous landmark Nagoya castle centuries ago—have plenty to keep them busy. Abroad, a resort hotel in Kauai island, Hawaii is going up; in Japan, a 37-story tower in Osaka, and a newly completed building in Hiroshima. All of which are expected to generate some $60 million to $100 million in yearly rents. Although Takenaka Corp. is an old-line family company, it introduced Western

Zaikai

Toichi Takenaka

building methods in Japan. Its 47-year-old President Toichi Takenaka got his M.B.A. at Michigan State University, and obviously, some new ideas. Which is how the Takenaka family comes to be worth an estimated $3.9 billion.—**Nobuko Hashimoto**

MURATA FAMILY

Cycle, countercycle

Well known in the U.S. market for its $500-and-under fax machines, Murata Machinery is still relatively obscure at home, even though this old-line textile machine maker from Kyoto began making facsimile machines in 1973. It was the idea of President Junichi Murata, now 54, who wanted a product with a different business cycle.

Today, however, Murata is encountering severe price-cutting in the U.S. In Japan it is struggling to compete with giants like Sharp, Ricoh and Canon, which are also producing low-priced faxes. To stay competitive, manufacturers have to upgrade products and move on to the next generation—so-called G4's that produce a page in four seconds instead of a minute, with sharper images, and on plain rather than thermal paper.

Europe still remains a promising new market, and faxes are owned by only about 2% of Japanese house-

Junichi Murata Robert Wallis/J.B. Pictures

holds, where retailers say they hope one day to make a fax as commonplace as a phone. But it's still unclear what survival strategies the Murata family will adopt in faxes.

Ironically, Murata's old business, textile machinery, is doing well. Altogether, private Murata earned $82.6 million last year, up from $49.3 million the year before; at current Japanese valuations, it is worth an estimated $4.6 billion.—**Nobuko Hashimoto**

KANICHIRO ISHIBASHI

Indigestion

You know Bridgestone is worried: It sent Chairman Teiji Eguchi to Akron, Ohio in January for an indefinite stay to resolve problems there, instead of fielding all those panicky late-night phone calls to Tokyo.

When Kanichiro Ishibashi, whose family founded Bridgestone and still holds at least 12%, huddled with top Bridgestone executives to discuss the purchase of Firestone Tire & Rubber two years ago, he probably never imagined the problems that were in store. Bridgestone's 1989 earnings declined 76%, to $64 million on $11 billion in revenues.

The big reason: Fixing Firestone's inefficient plants is turning out to be very expensive and time-consuming. General Motors, once a major customer of Firestone but not famous for its love of things Japanese, drastically reduced tire orders. Anyway, the U.S. tire industry is suffering from overcapacity and price wars. Bridgestone recently offered early retirement to 3,400 of its U.S. workers. Analysts say plant closings are a possibility.

The company predicts profits will rebound to $130 million this year. Japanese investors are evidently willing to accept this very optimistic view. They price the stock only a hair below where it was last year. The Ishibashi family's stock and real estate holdings are still worth over $1 billion—for now.—**Gale Eisenstodt**

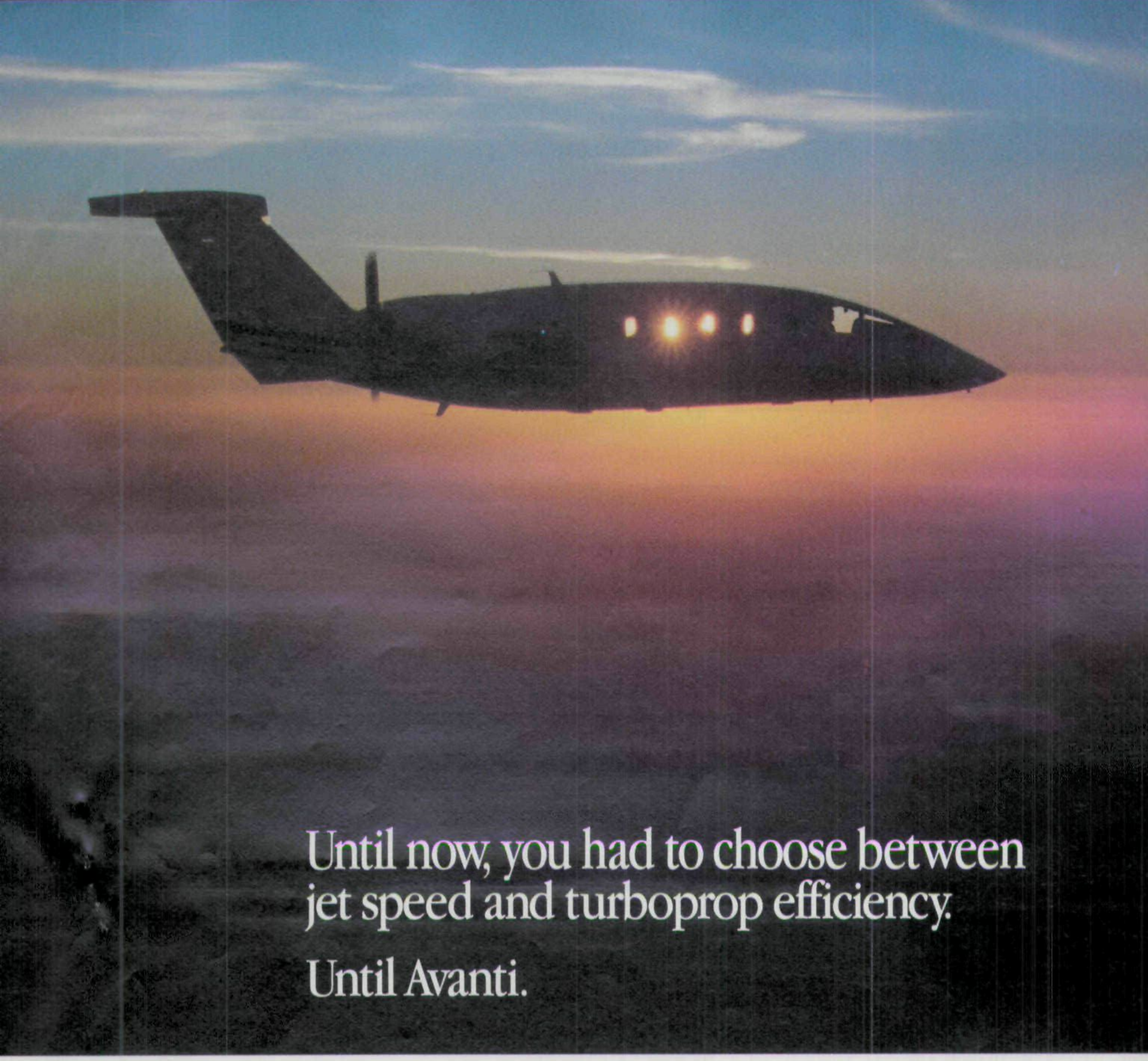
MURAYAMA FAMILY

Why the newspapers read alike

In Japan, government and business news frequently flows through chummy little groups called *kisha* clubs—a sort of organized symbiosis between the reporter and the institution he covers. The institution supplies a room for reporters to work from

Toshi Matsumoto/Sygma

Kanichiro Ishibashi



Before now, the distinctions between turbine aircraft were as inescapable as the laws of nature. Jets were fast and thirsty. While turboprops were sedate but, by comparison, only sipped at fuel.

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and the information they are expected to report. Journalists on rival papers share the material.

The bureaucrats, politicians or businessmen have guaranteed access to journalist-club members who develop a certain loyalty to their sponsors. Thus, the Japanese saying, "Nobody's scoop is everybody's happiness."

The record of *Asahi Shimbun,* Japan's second-largest paper, is, to be sure, a bit better than most. The Recruit scandal that toppled several of Japan's top politicians was exposed by an *Asahi* reporter. But most of *Asahi*'s reporting is rather familiar to readers of other Japanese newspapers.

However tame the Japanese system by American standards, it surely doesn't lack for profits. *Asahi* does well enough to keep the Murayama family, with its 45% of the paper's stock, worth at least $1 billion.

Michiko Murayama and Junichi Ueno, descendants of the company's founders, jointly hold the position of "owner," but it is strictly an honorific title. In 1963, when the Murayamas refused to confirm a managing director who opposed family plans, the employees pooled their stockholdings with the Uenos'. The Murayamas, these days, seem to have learned their place. Alas, so have Japan's reporters.—**Gale Eisenstodt**

KEIZO SAJI AND FAMILY

Now they're even buying our water

His beer may be flat, but Keizó Saji's Japanese whiskey and American branch water are going gangbusters. Last year's revision of the Japanese Liquor Tax Act looks to be a bonanza to Suntory, Japan's biggest distiller, of which the Saji clan owns nearly 90%. Taxes on the premium liquors that make up 50% of Suntory's whiskey sales were slashed. One result: Premium sales jumped 30% last year.

But the beer business has apparently leveled off. By contrast, its nonalcoholic beverages and food operations are growing well. In the U.S., Suntory has moved aggressively into the most nonalcoholic beverage of all: water. Saji bought New Orleans-based Kentwood Spring Inc., in 1985. All told, Suntory has invested over $190 million to acquire seven mineral water companies. Now Suntory Water Group is the largest bottled-water enterprise on the East Coast and third in the nation, with a 6% share of the U.S. market.

Having added branch water to the whiskey and beer, and taken Suntory global, Keizo Saji finally handed the presidency to nephew Shinichiro Torii in March and kicked himself upstairs to chairman. Torii, 52, is the son of the eldest son of Suntory's founder. Where will the inheritor take the company? One hint: His favorite drink is beer.—**Hiroko Asami**

Keizo Saji

Philip J. Griffiths/Magnum

SEIJI TSUTSUMI

Walk abroad, carry a good image

Seiji Tsutsumi, 63, continues to expand his foreign holdings. Last July his Saison Group bought a 10% stake in Voyager Travel Holdings, the company that controls Virgin Atlantic Airways. The tie-up, revealed only recently, is just one part of Tsutsumi's vision of creating a global travel services network. In 1988 he bought the big Inter-Continental Hotels Corp., later selling 40% to Scandinavian Air.

Philip J. Griffiths/Magnum

Seiji Tsutsumi

Back home he seems mainly to tinker with the 100-plus-company group he has built. It is Tsutsumi's vision that unifies the group's far-flung activities. Day-to-day operations are generally left to others, even at the major Seibu Department Store, the first company in his business empire.

His half-brother, Yoshiaki *(which see),* who has come under sharp criticism in the Japanese press, could learn a lot from Seiji, who's carefully cultivated a positive public image. "He likes to be known as a poet and a novelist," says an acquaintance. Seiji is a patron of the arts both in Japan and overseas. He also likes to convey the impression he's a democratic manager.

But it's unlikely Yoshiaki will call on Seiji for advice. Their father left the bulk of his wealth to Yoshiaki, the son of a mistress. Little beyond the Seibu Department Store went to Seiji, the legitimate son. The half-brothers are said to have been feuding for years.—**Gale Eisenstodt**

MATSUSHITA FAMILY

A family affair

When the founder of Matsushita Electric Industrial, Konosuke Matsushita, died in April of last year at the age of 94, he left behind one of the largest visible estates in recent Japanese history: $1.6 billion exposed to the taxman, four times the previ-

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ous record. Nearly all was stock in Matsushita Group companies.

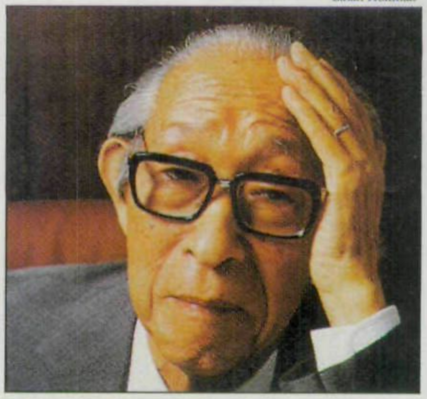
Almost half went to his 98-year-old widow, Mumeno. The rest was divided among his daughter, Sachiko, who got $290 million; her husband, Masaharu, who is also chairman of Matsushita Electric Industrial, $290 million; and four other children, apparently by mistresses, who shared a total of $210 million. Mumeno, as a spouse, was exempted from inheritance tax, while the others paid a tax of up to 70%. Even so, the net visible inheritance totals some $1 billion.

Meanwhile the group continues to do well, particularly in communications and industrial equipment—earnings were up 10% in the year ended March 1990. Besides Chairman

Kenkichi Nakajima

Robert Wallis/J.B. Pictures

Ethan Hoffman



Konosuke Matsushita

Masaharu, another member of the family has been moving up the corporate ladder, the founder's grandson Masayuki. At 44, Masayuki is a managing director and former head of the public relations department. Masayuki recalls his grandfather as "a very good listener, never preachy," who, though very busy, made time to listen to Masayuki's campus friends when they stopped by. It is too early to know how much the student may have learned.—**Nobuko Hashimoto**

KENKICHI NAKAJIMA

Psst—hot stock?

"I'd say at least 100 pachinko parlor owners are now considering making a public offering," says Kenkichi Nakajima, 70, founder and president of Heiwa, Japan's largest maker of pachinko machines. Small wonder. Since Heiwa went on Tokyo's over-the-counter market in 1988, it has climbed to a price/earnings multiple of 156, making the Nakajima family's 86% stake worth $8.4 billion.

Pachinko, a game similar to pinball, is big business in Japan: Some 15,000 parlors with nearly 4 million machines take in $95 billion a year in receipts. Heiwa has about 30% of the machine market and employs 90 game developers.

But pachinko parlors aren't just good, clean fun. Prizes handed out at parlors, typically cigarettes, toys or other trinkets, can be exchanged for cash at nearby storefronts. Besides the gambling stigma, some parlors reportedly make political contributions, evade taxes and may have ties with Japan's criminal underworld.

Nakajima is a Mr. Clean. He says he shuns political contributions and supports a system that would make tax evasion less likely. NTT, Mitsubishi and others have formed a company to introduce prepaid magnetic cards to use instead of cash for the steel balls one buys to play the game. That would help police pachinko parlors.

"Credit cards and telephone cards are now popular in Japan, and pachinko should not be left behind in joining this trend," says Nakajima of the idea.—**Gale Eisenstodt**

HISASHI ISHII

Do as he says? Or as he does?

Tachibana Securities, the well-known brokerage house Ishii founded, has a reputation among brokers for strong research. So Ishii made headlines recently when he issued a scary forecast of Japan's next decade: Land prices will fall to a third or a tenth of their present levels and the nation's GNP will collapse along with the land. The main reason? The birth rate has fallen drastically. The coming severe labor shortage will raise wage levels, making Japanese companies less competitive. Moreover, higher-paid people will work less and spend more, thus lowering the savings rate and productivity that have supported Japan's high growth.

Yet this spring, while Ishii was talking stocks down, he wasn't taking his own advice. He issued new stock privately to expand still private Tachibana. He also upgraded it to a so-called *sogoshoken,* which means it can underwrite securities like the bigger

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Hisashi Ishii

houses. To qualify, he had to reduce the Ishii family interest from 81% to under 50%. He now holds some 49% of the firm, a stake worth an estimated $1.5 billion, down from $2.6 billion last year. At 67 Ishii has made a sizable bet with his family's net worth

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SHIGEKUNI KAWAMURA
The easy way to buy companies

While many cash-rich Japanese companies are just discovering the benefits of M&A, Shigekuni, 61, who heads Dainippon Ink & Chemicals, is an old hand. Since 1975 the brash Kawamura has spent about $1.3 billion, acquiring 27 foreign companies in Dainippon's main businesses of printing ink and resins. Major U.S. purchases have been Kohl and Madden Printing Ink Corp., the graphic art division of Sun Chemical and Reichhold Chemicals.

In the past two years he's picked up the pace, purchasing eight more ink suppliers, including O&R of Holland and Prisma of Spain, and seven resin companies.

Kawamura thinks takeovers are easy: "I have a long-term strategy and entrust management to the locals. That's why our acquisitions are welcomed by them," he says.

Born in China and raised in California, Kawamura has always had an international outlook. Near term, he plans to acquire more resin companies in Europe—to be ready for 1992.

Shigekuni has another side: In May the Kawamura Memorial Museum of Art opened in Sakura, with more than 800 Impressionist, modern and Japanese artworks from three generations of collecting by the Kawamura family. This pays off, too. Including some $130 million of art, 17% of DIC, and some real estate holdings in Tokyo, the Kawamuras are worth at least $1.2 billion.—**Hiroko Katayama**

Bill Bernstein

Shigekuni Kawamura

RYOICHI JINNAI
Exploring overseas

Promise, the company Ryoichi Jinnai founded, is the third-largest Japanese consumer finance company. Like other finance companies, it has an image problem. On Japanese TV you can still see a drama of a hapless debtor owing money to a *sarakin*, or money lender, at over 100% interest and unable to pay.

This is TV, of course, and it is a story of the past. Ever since the government cracked down in the early 1980s, consumer finance companies have been cleaning up their acts. Promise's top rate is now 29.2%, the same as Takefuji's and Acom's *(see Takei; Kinoshita)*.

In part to get away from what a spokesman calls the "loan-shark image," Promise is dabbling in such new businesses as video rentals and coffee shops, and exploring opportunities overseas. It is building a golf course in Paris and recently took a stake in a Florida hotel.

Jinnai would like to take the company public. He could get access to lower-cost financing to help Promise compete against the banks and the installment credit companies that have gotten into the business. Jinnai recently sold some shares to its main creditors, including the Long-Term Credit Bank and Sumitomo Trust & Banking Co. But balance sheets are sometimes a bit easier to spruce up than images.—**Gale Eisenstodt**

YASUO TAKEI
Image enhancement

When Yasuo Takei was looking for a new president for Takefuji, the $4 billion (assets) consumer-finance company he founded, he called on his friend, the distinguished chairman of Nomura Securities. The chairman sent over a veteran manager of Nomura's overseas division and former chairman of Nomura Finance.

Zaikai

Yasuo Takei

Takei is polishing Takefuji's image. It must still cope with popular memories of the days when consumer finance companies, formerly known as *sarakin*, legally charged interest rates over 100%. Outsiders with strong credentials can help boost his company's reputation. Another big plus: The new Nomura man has international experience and background in developing new businesses.

Competition in Japan's consumer finance industry continues to heat up, as Japan's commercial banks step up their consumer lending. Installment credit companies *(shinpan)* are also tough rivals. Takei, too, has cut his maximum rate, from 32.85% last year. And the company is introducing "specials," such as "marriage loans" at 17.5%, for Japanese lovers unable to come up with the heaps of cash required to stage a proper wedding. That, too, is meant to help the image.—**Gale Eisenstodt**

KINOSHITA FAMILY
Borrow low, lend high

☆ Money lending has always been lucrative. Particularly when the loans can be financed with low-cost funds from a big bank. That's one big reason $2.8 billion (assets) Acom Co., Ltd., Japan's second-largest consumer


TIME MACHINE
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finance company, got to where it is. Back in the 1960s, Masao Kinoshita saw the potential in lending money when he owned a small chain of pawnshops. He started the first major *sarakin*—a company lending money to consumers who lacked bank-quality collateral.

Kinoshita developed a tight relationship with Mitsubishi Trust at a time when Japan's big banks normally didn't associate with *sarakin*. A 1978 story revealing the Mitsubishi connection created a major sensation. The government started to crack down on the business.

"We realized we had to change the way we were doing business," recalls Yoshiki Okada, a director. The company opened an office in Switzerland to obtain low-cost financing. So the Kinoshitas began diversifying into such businesses as furniture rental, and are looking at real estate overseas. Masao's son, Kyosuke, 50, is now president of the company.

Acom still does much of its borrowing from Mitsubishi Trust. Under the government's watchful eye, the company's top lending rate is now down. But business is good enough to make the Kinoshita family's 58% interest in Acom worth an estimated $1.3 billion.—**Gale Eisenstodt**

TERAMACHI FAMILY

How to channel frustration

☆ Another new face among the billionaires, Hiroshi Teramachi, at 66 president of $430 million (sales) THK Co., Ltd., is a success story twice over. His company went public on Japan's o-t-c market last November. At current prices the Teramachi clan's shares are worth around $1.2 billion.

This is Teramachi's second success. In 1963 he took public Nippon Thompson, a company he started in the 1950s to produce a product he invented: the needle roller bearing, which could rotate at much higher speeds than existing products. Then the young entrepreneur blew it. In 1969 he tried to help an employee recover losses in the commodities market by using Nippon Thompson money to speculate in soybeans and silk. Outside stockholders forced him to sell his shareholdings and other personal assets to repay the losses. In 1970 he resigned.

"I channeled all my frustration into building a new company," he told FORBES. In 1971 he started what is now THK.

Hiroshi Teramachi Zaikai

Teramachi, who has around 400 patents to his name, based THK on another new bearing he designed—the linear motion guide, now widely used in industrial robots and semiconductor chip production. Japan's conservative machine tool makers were leery. So Teramachi knocked on U.S. doors. He used his success in the U.S. to win customers back home.

Over the past four years the company's sales have more than doubled, to $430 million, and profits have more than tripled, to $60 million. Teramachi's THK now has over 70% of the business. Exports are currently only 10% of sales but THK is starting to push overseas again.

Teramachi still plays the market, but now focuses on shares of other bearing companies. Teramachi says he wants to establish "order"—bearings companies compete too much on price, he says. But industry insiders still recall his freewheeling past and they suspect that he is really an opportunist who just wants to make money.—**Gale Eisenstodt**

MASAHITO OTSUKA AND FAMILY

Make a luxury seem a necessity

Founder Masahito Otsuka, 73, may be retired these days, but his sons sure aren't. Akihiko, 52, has been running things for a decade, and has expanded the huge (1989 sales: $1.9 billion) Otsuka Pharmaceutical by pushing nutrition products on the health-conscious Japanese.

Alongside a stream of the ethical and over-the-counter drugs the group was founded on, the Otsukas last year sold more than 1 billion bottles of Oronamin-C, a carbonated nutritional drink containing vitamin C and amino acids. That's worth about $660 million at retail. Their bestseller—1.1 billion cans last year—is Pocari, a Gatorade-style drink for athletic types that resupplies body salts lost through sweat. Its retail sales reached $860 million last year.

Recently they started selling New Calorie Mate, whose ads claim two cans a day supply all needed vitamins. At wholesale, such items fetched 55% of Otsuka's sales last year.

In the beginning, old Masahito bet the farm on mass-producing injectable drugs suitable for the injured and

Robert Wallis

Masahito Otsuka

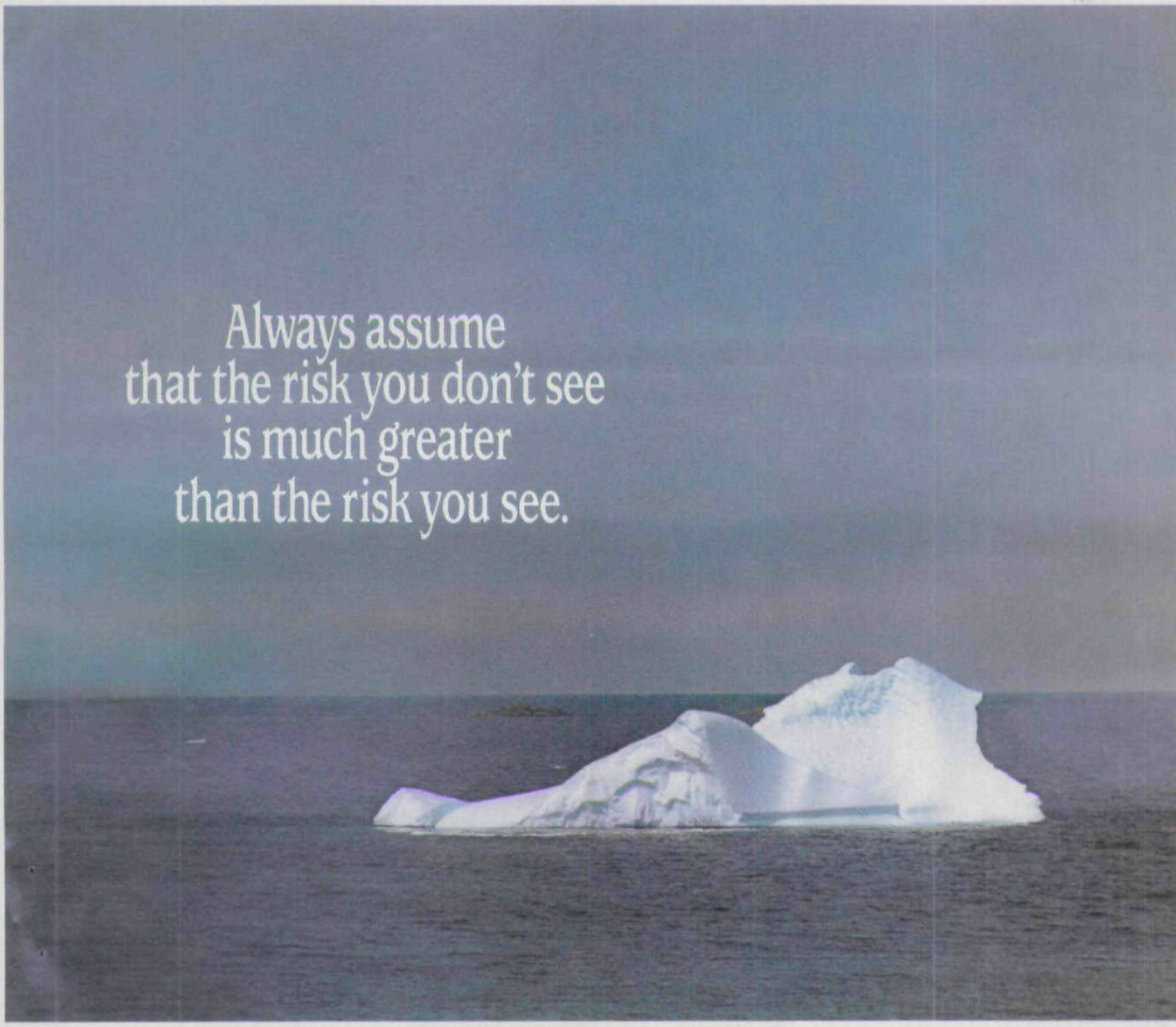
wounded at the outbreak of the Korean War. Once established, he concentrated his efforts on lifesaving medicines. But his son has built tidy profits with health products that are marketed as necessities.

So today Masahito plays leisurely games of golf in his hometown on Japan's Shikoku island, and counts his family's $2.7-billion-plus net worth. While swigging lots of Oronamin-C and Pocari.—**Hiroko Asami**

KIYOSHI SAGAWA

Courier

Kiyoshi Sagawa, founder of a privately held package delivery firm, Sagawa Express Group, is a tough taskmaster. "The number of administrators that feel they can get away without working is on the rise (and most of these people are incompetent)," he growls in the February issue of the company newsletter. Also, the Ministry of Transportation is after Sagawa for violating labor laws, say-



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Kiyoshi Sagawa Zaikai

ing he makes drivers work excessive hours. The company says it is correcting that problem.

Potentially more serious were tax problems alluded to in a 1989 book by Yosuke Hamada, a disgruntled ex-employee fired for not meeting sales targets. Hamada claims that Seiwa Shoji, a holding company, siphoned money from other Sagawa companies, making it difficult to trace and tax profits. Government sources tell a similar tale, and twice the tax office has gone after Sagawa for underreporting. A Sagawa spokesman says that the company has never evaded taxes, although there could have been inadvertent errors owing to too rapid growth. In April Seiwa Shoji was absorbed into a group company.

Despite these hitches, Sagawa, 68, is doing pretty well for himself. His company has around 70% of Japan's corporate delivery business. He recently started a venture with DHL to expand international delivery operations. Look out, world.—**Gale Eisenstodt**

TADAO YOSHIDA AND FAMILY

Centralize? Or decentralize?

Tadao Yoshida built his $3.7 billion (sales) zipper and building materials company, YKK, on the principle of decentralization. At 81, he is in poor health, and son Tadahiro, a Northwestern University M.B.A., is tackling the difficult task of change.

The big problem is aluminum building materials, now some 70% of sales. Tadao, who started with the more profitable zippers, never gave the newer business the attention it merited. He set it up with the passion for minimizing managers and maximizing local sales autonomy that worked so well in the international zipper market. Unfortunately the regional building materials sales offices in Japan did not coordinate well with the factories; sudden surges in orders could sometimes not be filled. The biggest Japanese maker of aluminum siding, doors and windows for houses until 1984, YKK has since been losing market share.

Son Tadahiro is introducing a degree of centralized oversight. Nine distribution centers consolidate building materials inventories. As for zippers, while his father was a firm believer in

Robert Wallis/J.B. Pictures

Tadahiro Yoshida

local production, Tadahiro has set up a factory in low-cost Indonesia. Senior had all production machinery made in-house; Junior will shop outside if it's quicker or cheaper. The younger Yoshida clearly understands one very basic business principle: You can't run a business with your strategy carved in stone.—**Gale Eisenstodt**

HATTORI FAMILY

Getting it together

The Hattori family has a proud heritage in their top-quality Hattori Seiko watches and clocks. But they have seen rival Citizen take over the number one position in Japan's watch industry.

For one thing, Hattori didn't adjust production and inventory quickly enough when the yen unexpectedly strengthened a few years ago. Only in the last year did it manage to work down excess inventories. And though

Reijiro Hattori Pamela Fernuik

Seiko's production is handled by two family-controlled companies, they've been managed by outsiders following the deaths of two Hattori family members. Lack of coordination between these two producers has been harmful, observers say, while Citizen has benefited from directly controlling its own production.

But Hattori Seiko finally seems to be getting its act together. It's choosing to emphasize luxury brands and jewel-bedecked watches, which are selling well. One new model: a lady's watch designed by a famous Japanese designer, Jun Ashida.

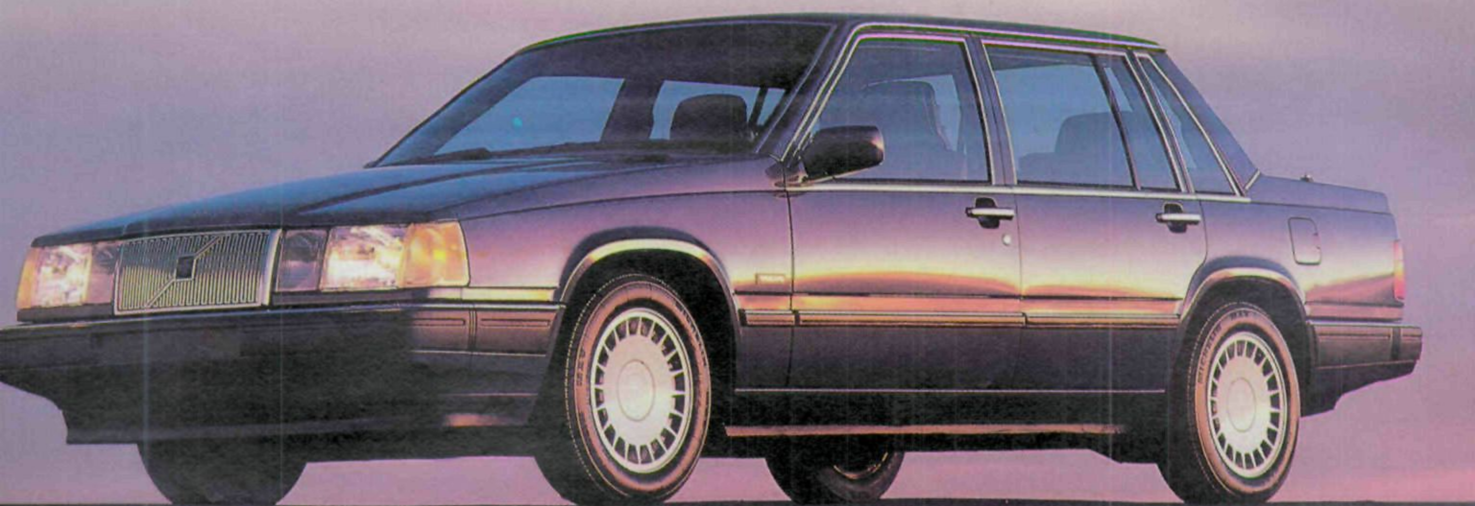
The company is also increasing its jewelry import business and is strengthening its new lines of plastic eyeglasses. The Hattoris, led by 69-year-old Chairman Reijiro, the founder's grandson, together own shares worth about $3.5 billion in Seiko group companies. An amount worth watching over.—**Nobuko Hashimoto**

UEHARA FAMILY

Put the money where it counts

The Ueharas' well-known Taisho Pharmaceutical grew on an army of detail men, who today still sell directly to Japan's 60,000 pharmacies. Now the Ueharas are augmenting them with Taisho's new computer sales network, which already plugs in 3,700 pharmacies and will soon have 5,000. It will let Taisho do fast, comprehensive market research, and even monitor competitors' sales.

Small wonder Taisho is the leader in the ever more competitive over-the-counter drug market (it has a 20% share), with about $800 million in



IT'S STARTING TO SOUND LIKE MERCEDES-BENZ IS ENGINEERED LIKE ONE OTHER CAR IN THE WORLD.

It's curious.

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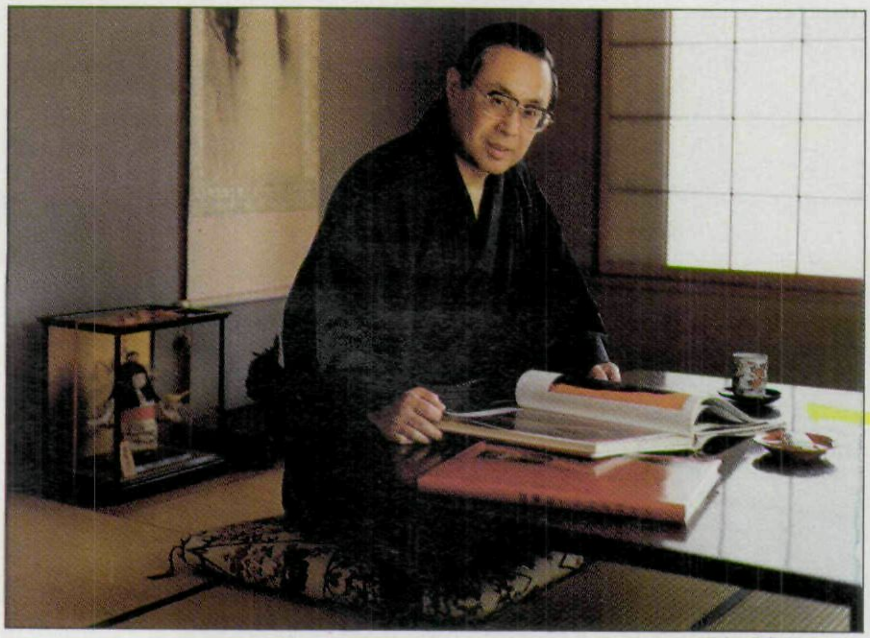
Robert Wallis/J.B. Pictures
Shoji Uehara

sales. Bestselling products include nutritional tonics (big in Japan; *see Otsuka*), Pabron cold remedy, and Taisho Ichoyaku digestive agents.

But don't overlook prescription drugs—16% of Taisho sales and increasingly important. Merrill Lynch Tokyo predicts 30% to 50% growth from such promising drugs as Clathromycin, a new antibiotic Taisho has licensed to Abbott Labs for sale outside Japan. It may come on the market by year's end, and Taisho forecasts $60 million annual sales just in Japan.

Chairman of Taisho is Shoji Uehara, 62. President, at 49, is Akira Uehara. Akira has three things going for him. First, he is Shoji's son-in-law. Next, he is the nephew of the founder's wife. And he's the inspiration behind the computerizing, having joined the company in 1977 after 11 years at NEC, the electronics firm. Evidently Akira Uehara sees that big money is to be made not only from discovering pharmaceuticals but from developing better ways to distribute them.—**Hiroko Asami**

HISAKICHI YAMAGUCHI

The price was fame

Hisakichi Yamaguchi must have been disappointed. Last year the founder of $1.8 billion (sales) Daiwa Can acted as intermediary when the founder of South Korea's giant Hyundai went to North Korea with plans to build a resort hotel—a resort Yamaguchi apparently had himself proposed to Kim Il Sung years ago. All seemed to go swimmingly. But in May it was reported that North Korea abruptly canceled the deal.

Yamaguchi paid a price for his futile efforts: For a moment the spotlight was turned on this man who shuns the press. He was born in what is now North Korea, and people close to him say the Kim Il Sung connection was formed primarily because "everybody needs to go home." Yamaguchi, 79, got into canmaking in 1950. A friendship with a chairman of Nippon Steel got him the financial support. A tie with American Can Co. got him the key equipment.

Kyodo

Hisakichi Yamaguchi

Today it is Daiwa Can that exports production machinery. The company also has about 30% of the domestic can market, number two behind Toyo Seikan. Yamaguchi controls eight interrelated companies, including operations in Taiwan and a joint venture with Ryoei Saito's Daishowa *(see Saito, p. 148)* to make paper cups.

Yamaguchi is still active in day-to-day management. Sources who know him well say he is demanding and likes to keep close tabs on things. Last year profits were up 14%, to $149 million on sales of $1.8 billion. His eldest son is in the business: Hisakazu Yamaguchi is a director of a machine tool maker 50% owned through a holding company.—**Gale Eisenstodt**

JAPAN REAL ESTATE

YOSHIAKI TSUTSUMI

A job for Dale Carnegie

How much glory is there in being the richest businessman in the world? Not much. You're Yoshiaki Tsutsumi—and you're the target of increasing criticism in the Japanese press these days.

Seems the public has noticed that Kokudo Keikaku, Tsutsumi's 40% directly owned holding company for his vast railway and real estate empire, doesn't pay much corporate tax. The interest on debt used to expand its business in ski slopes, hotels and golf courses virtually wipes out profits. So there's no need to pay taxes, Tsutsumi earnestly explained in interviews. Lately, in a tack to windward of sorts, he's indicated in the press that he "could slow the pace of expansion. Then the company would be more profitable and pay more in taxes."

Meanwhile, Tsutsumi recently blew a chance to capitalize on what are conceded even by critics to be his good managerial skills. Elected last August to head the Japanese Olympic Committee, he bowed out in May. He

Kyodo

Yoshiaki Tsutsumi

had been criticized for trying to turn things to his own advantage: He wanted to lure the 1998 winter games to an area near resorts his company owns. Public relations isn't his thing.

Many of the billionaires on this list made their money buying and developing land in Tokyo. Yoshiaki inherited his big chunks of real estate. It was his father who started the empire that makes Yoshiaki, 56, worth an estimated $16 billion. Until now, he's never had to be a nice guy.—**Gale Eisenstodt**

TAIKICHIRO MORI

Please. More taxes.

The second-richest businessman in the world owes his wealth of $14.6 billion largely to possession of land in Minato-ku, the ward near parliament where he was born and which he transformed into a great commercial center of Tokyo. Mori, 86, is a developer who owns 78 office buildings, but in Tokyo almost all the value of these choice properties is in the the value of the land not the improvements.

Notwithstanding, Mori would actually like to see land prices in Tokyo fall, and makes a case for how that could happen. It begins with pressures for reform in Japan's crazy-quilt land tax, especially on "farmland" in urban areas. Taxes are so low on this space that there are thousands of precious acres in urban Tokyo supporting cabbages or fruit trees. A drastic change of land taxes is needed, Mori argues. "We will have to pay more tax with the change; but it's inevitable. And we are ready for it."

Japan's 1930 "rich list"

Nineteen-thirty was an important turning point in Japan's history. Nationalism was on the rise; by 1932 Japan's army had secured Manchuria.

In 1930 Teikoku Databank, today Japan's top corporate research firm, tallied up over 3,000 of Japan's wealthiest individuals. In 1933 an update was published as a slim volume ornamented with portraits of the successful men; Western-style top hats and round spectacles seem to have been in vogue. Of the group, 15 were billionaires in today's dollars.

Who was Japan's richest man in 1930? Teikoku Databank very diplomatically assigned the honor to two individuals: Hisaya Iwasaki and Hachiroemon Mitsui, the respective heads of the rival Mitsubishi and Mitsui *zaibatsu*. Each man had assets of Y400 million. According to estimates by Teikoku Databank and Japan's Economic Planning Agency, in today's yen that would be Y649 billion, or about $4.3 billion.

In fact this was only a fraction of Mitsui and Mitsubishi wealth. Eleven Mitsuis were in the 1930 directory, together worth over Y2 trillion, or nearly $16 billion in today's terms. The Iwasakis of Mitsubishi were a bit poorer: nearly $12 billion in 1930, in today's terms. By 1933 Teikoku Databank reported Mitsui holdings up some 20%, to $19 billion, the Iwasakis' to $13 billion. (Today's richest man, Yoshiaki Tsutsumi, has an estimated net worth of $16 billion.)

Other *zaibatsu* families appeared on the "rich list." The Yasuda family's wealth, based largely on banking, in 1933 came to over $5 billion. The Sumitomo family's fortune was put at nearly $4 billion. Also included were individuals not associated with the huge conglomerates. A few of today's billionaire families were already big enough to be noted in 1933: Murayama, founder of the newspaper *Asahi Shimbun* ($115 million); Hattori, creator of Seiko Group ($690 million); and Ishibashi, who started Bridgestone ($46 million).

Landowners, while not the force they are today, made a nice showing—the richest logged in at $760 million. So did money lenders and former *daimyo*, or military lords, including members of the Tokugawa family which dominated Japanese politics from 1600 to 1868.

After Japan surrendered to the Allied forces in 1945 the Occupation broke up large land holdings and set out to break the power of the *zaibatsu*. Payment to *zaibatsu* families for stock holdings was made in ten-year nonnegotiable government bonds. But the ensuing inflation made the compensation close to confiscatory. A capital levy ranging as high as 90% on assets of Y15 million and above further destroyed fortunes.

Today, Hachiroemon Mitsui, one of the two richest men in Japan back in 1933, is 94. He holds an honorary title at Mitsui Real Estate. If he still belongs on our list, his money is well hidden.—**Gale Eisenstodt**

Hachiroemon Takamine Mitsui

Ryohei Murayama

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Hisaya Iwasaki

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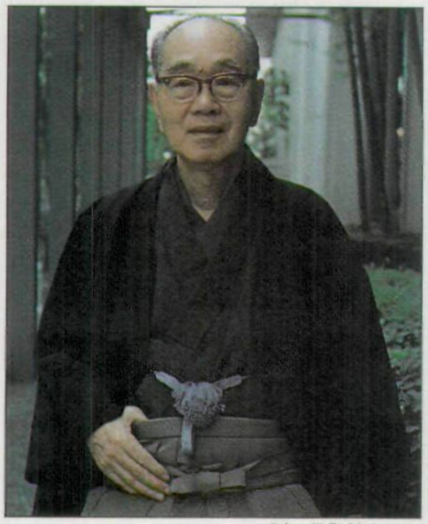

Taikichiro Mori Robert Wallis/J.B. Pictures

And when the farmers finally sell, their acreage will be available to developers like Mori. "Over the past few years, something between 300 and 400 hectares [750 to 1,000 acres] of office space have been created per year in Tokyo," he says. "And this year's supply is said to be about 700 hectares. If the pace continues, there may be a glut of office buildings in the foreseeable future." He adds: "And when the Japanese economy loses its power, land prices may fall."

Developing is what Mori, a professor of economy until he was 55, wants to do most. He aims to build more complexes like his locally famous Ark Hills—office towers, condos, a hotel and a concert hall, finished in 1988. He very much wants land prices lower, even if it would cut into his paper wealth.—**Hiroko Asami**

KITARO WATANABE

Japan's first big real estate casualty

Watanabe is one of the multitude of Japanese billionaires whose main fortunes were made in the recent real estate boom. He's also one of the first to be in visible cash flow trouble. Watanabe, 56, owns Azabu Building, a real estate investment company, and Azabu Motors, a dealer of expensive imported cars like Mercedes-Benz and Rolls-Royce. The real estate is the bulk of the wealth—still estimated at a huge $9.2 billion, net of debt. It's also the bulk of the problem.

Watanabe used the first fortune he made selling the cars to buy most of his 1 million square feet of Tokyo land between 1984 and 1987, a period when lax monetary policies encouraged land speculation. But the Tokyo boom has cooled, and long-term interest rates have risen to 7% from 5% in two years. Admits an Azabu spokesman: "Our interest payment burden is getting severe." The Group shows $2.3 billion long-term debt, $300 million more than last year. It was more than a year ago that Watanabe sold his 20% stake in Koito, a car-parts maker, to T. Boone Pickens.

The land may be valuable, but it doesn't generate much cash to cover that debt service. Sources say Mitsui

Zaikai

Kitaro Watanabe

Trust Bank, Watanabe's main banker, will dispose of some of his real estate to pay down his debt. One clue: The bank has installed a vice president in Azabu Building.—**Hiroko Katayama**

KICHINOSUKE SASAKI

Tokyo's Donald Trump?

Since the late 1970s Sasaki, 57, has bought hundreds of parcels and buildings—mainly in Tokyo's commercial Minato ward—going heavily into debt in the process. The debt totals $1.8 billion. The assets? Sasaki hinted to FORBES that they exceed $6 billion. Our more cautious guess is $3.6 billion. More troubling, Sasaki's interest and operating costs last year came to around $125 million. With rental income of only about $116 million, his estimated negative cash flow is around $9 million.

A bull on the Tokyo real estate market but a bear on Osaka *(see also Yoshimoto, p. 171)*, Sasaki claims a reserve fund of about $330 million. If rents continue to rise for several more years, Sasaki, who was a medical doctor before he built a clinic and discovered Tokyo real estate, should be able to catch up and close the gap. But he keeps buying more property: Last year he put another $650 million into 36 new properties, mostly in Tokyo. Within three years, he says, he plans to triple the floor space of his buildings, to 3.5 million square feet. Meanwhile, argues Sasaki, the land will gain value from redevelopment. His bankers, evidently figuring Sasaki is a builder—as opposed to a speculator—apparently intend to continue financing him. He—and they—are on an escalator to the sky. Can they avoid a bust? Sure. They just have to make sure they get off the escalator before land prices do.

SHIGERU KOBAYASHI

Takeover war, Japanese style

As Kobayashi stampedes about the U.S. snapping up landmark buildings and writing goodwill checks to city governments and local philanthropies, Shuwa Corp.'s founder-president is being branded a corporate raider back home.

Robert Wallis/J.B. Pictures

Kichinosuke Sasaki

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Shigeru Kobayashi

Kaku Kurita/Gamma-Liaison

Last year it was revealed that Kobayashi bought big positions in several Japanese retailers, including two supermarket chains with distinctly poor prospects. The apparent plan: merge them with Life Stores, another Shuwa investment headed by a friend from his World War II army days.

The supermarkets quickly called in Wasserstein Perella, which, with Nomura Securities, devised a very Japanese plan: The targets would issue each other shares to dilute Shuwa's holding—until a Tokyo court called the deal unfair.

Then Kobayashi's old war buddy suddenly announced a new stock distribution to Life shareholders. That pushed up the stock price, letting Kobayashi sell his 6% at a small profit. But he has not stopped shopping around. Shuwa is buying more shares of the supermarket chains.

Meanwhile, Kobayashi has also bought another building in downtown Los Angeles for $30 million, and one in San Francisco for $60 million. Last fall Shuwa joined with Tishman West for a first investment in Europe, a 250-year lease on Ashdown House in London, for about $154 million. All this takes money. Kobayashi has lots of assets, but they are getting leveraged: On some $6 billion in Japanese assets, his net worth seems to be near $2 billion.—**Gale Eisenstodt**

Genshiro Kawamoto

Robert Wallis/J.B. Pictures

GENSHIRO KAWAMOTO

How to calm down the Americans

In 1987 Kawamoto drove around Hawaii in his white Rolls-Royce, known as the "Kawamotomobile," snapping up 178 rental properties for $170 million, including the famous Kaiser estate. The original plan was to refurnish, remodel and rent to rich visitors. That idea's been dropped, and now 60% of the houses have been rented back to the original owners at going market rates. But in the process, Kawamoto, age 58, managed to thoroughly alarm the entire island with his one-man invasion.

That didn't stop him from a second wave of American buying. But this time, he was better received. Instead of buying existing houses in a land-tight market, Kawamoto acquired tracts, and built 423 houses in land-blessed Sacramento. This kind of development benefits local people, displaces no one, and creates jobs. Next, a project in Santa Rosa, with 149 houses and 74 condominiums, scheduled to be completed by the end of next year. For these projects, he's already invested about $188 million. More are planned in Sacramento.

It's a long way from the family kimono business he closed in 1965. In 1972 he launched Marugen K.K., which is now worth $1 billion and operates properties principally in the Ginza. If he heads back to Hawaii, maybe the Rolls-Royce should stay home.—**Hiroko Asami**

YONEICHI OTANI AND FAMILY

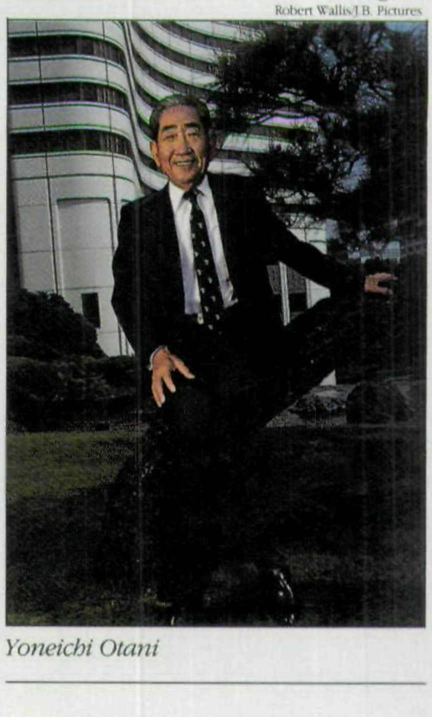
Keeping up with the Okura

Yoneichi Otani constantly strives to keep his namesake New Otani Hotel in the same top-tier bracket as his two primary Tokyo rivals, the Okura and the Imperial. If occupancy rates aren't as high as they are at the two competitors, Otani goes after more parties and weddings. He recently spent about $130 million to upgrade single rooms to bigger twin rooms—a luxury in crowded Tokyo. By all accounts, the New Otani is able to cater to every type of customer.

The group manages 15 other hotels in Japan. These include the Osaka New Otani—without question a very plush hotel—and a string of New Otanis in Los Angeles, Hawaii, Singapore and Beijing. But the Tokyo hotel is the flagship.

The Otanis are adding to it: Yoneichi, 74, is investing about $240 million in a 30-story office building to connect to the hotel's tower wing. It will house boutiques, party halls, a museum and offices—and bring in

Robert Wallis/J.B. Pictures



Yoneichi Otani

180

$65 million a year in rent.

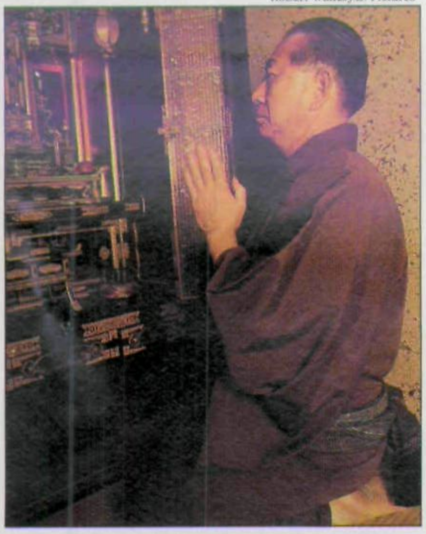
The hotel business may be lucrative, but the Otanis' real wealth is the 745,000 square feet of central Tokyo Yoneichi and brother Kokichi inherited from their father, a onetime sumo wrestler and industrialist who bought it from an aristocrat. It's worth maybe $19,000 a square foot—and the family, all together, about $3.4 billion.—**Nobuko Hashimoto**

HARUHIKO YOSHIMOTO

Why Osaka land is not this year's buy

The Yoshimotos have been dedicated Osaka landlords for generations, in which time they have developed a precept: Never invest in securities, except maybe national bonds. Haruhiko, keeping the faith at 66, has never spent a penny on a share. With at

Robert Wallis/J.B. Pictures



Haruhiko Yoshimoto

least $3.1 billion in Osaka land, he's a good person to explain the almost mystical Japanese belief in land: "For the Japanese, land is gold. So if you see land, think of it as a lump of gold spread over the ground." Yoshimoto explained that no real Japanese thinks of leaving his island country, so land in Japan has a domestic value not related to values overseas and outside normal cash-return calculations.

Precious enough to play rough for. Last year the Japanese media reported that the *jiageya*—professional criminals who specialize in scaring out small-scale landlords or tenants for large-scale buyers—had escalated their activities in Osaka. The reason quickly became evident: Land prices in Osaka have jumped 50%, even as land prices stayed stable in Tokyo. Among other things, the new Kansai International Airport near Osaka will open in three years.

But Yoshimoto told FORBES he thinks Osaka's land price rise last year was too sudden. He anticipates a 10%-to-20% drop to compensate. Yet he's not selling his land there. What else would he buy? Stocks that Crash?—**Hiroko Katayama**

TAMESABURO FURUKAWA

Golden years

"One hundred years old, but still in my youth." Tamesaburo's formula for longevity—he celebrated his centennial in January—is green tea, and perhaps making donations.

He's also famous for not taking a check. Not since 1921, when he was nearly ruined by a financial panic. That's when he quit selling women's hair ornaments and got into movie theaters, restaurants and coffee shops. All cash businesses, no credit. But the old man did trust land, which he bought with some of that loose cash. Today the land appears to be worth well over $2 billion. What he did with the rest of the cash is less clear, except that he didn't spend it all.

If it weren't for Katsumi Furukawa, his eldest son, who died in 1986, Tamesaburo's film business might have stayed an obscure theater operation. But Katsumi started family-run Nippon Herald Corp. in 1957, and imported thousands of famous foreign films—making the family famous in the process. Today, the Herald Group owns 30 or so movie theaters, plus diversified film production, import and leisure businesses, run by Katsumi's eldest living son, 46-year-old Tameyuki Furukawa.

And old Tamesaburo? He wants to reproduce a 14th-century temple in his hometown. The original, the famous Kinkakuji in Kyoto, is

Kyodo

Tamesaburo Furukawa

thought to have been covered with gold. Furukawa is reported to be ready to pour nearly $200 million into the project. That's a lot of leftover change.—**Hiroko Asami**

KEN HAYASHIBARA

Good riddance

Last year was a good one for 48-year-old Hayashibara: He finally lost a major tenant. Kabaya Confectionery Co., founded by Ken's father, finally agreed to move from a key 45,000-square-meter property near the Okayama city train station.

They'd been unhappy bedfellows

Toshi Matsumoto/Sygma

Ken Hayashibara

for a long time. In the 1960s the management of Kabaya wrested control of the company and booted out Ken and his family. Since then, Hayashibara has sued the candy company four times for not paying rent properly. When Kabaya finally goes in 1991, it will free Hayashibara to develop the property—and maybe make some decent money on it instead of paying lawyers. RTKL Associates of Dallas is expected to compile a master plan by the end of this year.

Meanwhile, Hayashibara's company may have a hot product on its hands: natural human alpha interferon. Kenya Medical Research Institute, in Africa, reported earlier this year that AIDS symptoms can be alleviated within a few weeks with small amounts of the Hayashibara drug used in a novel way: low-dose oral therapy. The World Health Organization is said to be undertaking a verifying study in four African countries.

Real estate may be the financial

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underpinning of the Hayashibara group now—currently worth an estimated $2.6 billion. But sustained biotech research and development may be the truly invaluable long-term asset.—**Hiroko Asami**

EITARO ITOYAMA

Unseated

Last year Eitaro Itoyama talked about starting a club of young, ambitious politicians to bring new life to the ruling Liberal Democratic Party. Money was no problem: He owns land, inherited five years ago from his entrepreneurial father, that is now worth about $5.8 billion. But getting re-elected was a problem. In elections last February, the ruling party held on to its position, but young—he's only 48—Itoyama was unseated. Political analysts say the public was probably so disgusted with money-politics scandals that it recoiled from the idea of a rich politician. On the other hand, some of his very American-sounding views—"Japan should not be on an equal footing with the States unless she increases her defense budget"—may have hurt too.

For the moment, Itoyama is keeping himself busy with his company, Shin Nihon Kanko Kogyo, which owns and manages golf courses and resorts in Japan. Most recently he invested about $330 million to develop a resort in Miyazaki, on the southern Japanese island of Kyushu, which will include a yacht harbor, cottages, private beach and an 18-hole golf course.

Business also takes him abroad, particularly the U.S., where he has been negotiating with "leading companies" to invest in resorts, his assistant told FORBES. Most of Itoyama's fortune is in Japan.—**Nobuko Hashimoto**

Kyodo

Eitaro Itoyama

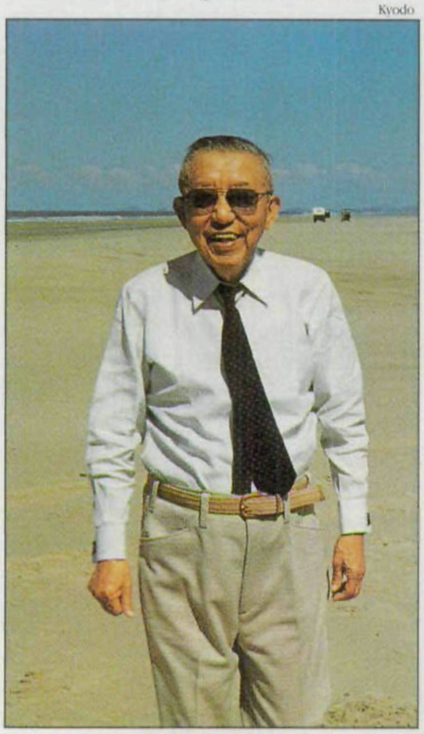
YOHACHIRO IWASAKI

Bamboo. Of course.

At 88, Yohachiro Iwasaki still travels about Japan to check on the family business that his son, Fukuzo, 65, runs. A self-made man, Yohachiro has built up a business now estimated at about $5 billion.

He started with the lumber trade—which became big business from re-

Kyodo



Yohachiro Iwasaki

building after the major Kanto earthquake of 1923. Then real estate, especially resorts. His empire now includes forests, hotels, parks, resorts, land and sea transport—and a little petroleum sales on the side.

Iwasaki has always preferred to develop property from scratch and create his personal vision rather than buy someone else's idea. Quite often the projects require many years to bear fruit, "but that's what he's like," explains Managing Director Koichi Ikehata. A prime example: his huge resort in Australia's Queensland. It will eventually include 12 miles of seashore, hotels, golf courses and tennis courts, and a 3,200-foot runway to accommodate arriving Japanese.

Back home, plans are more modest: A new jetfoil service to the remote islands of Tanegashima and Ogushima, in southern Japan, has increased tourist traffic over 30%, and the company is opening a new 54-room hotel.

It's a Japanese custom to ask the secret for keeping vigorous and healthy into extreme old age. Iwasaki's reply: "Always use your head, think about your work, walk a lot, massage the soles of your feet with bamboo, and do your best to be useful to society."—**Nobuko Hashimoto**

HIDEKI YOKOI

Still looking for respect

Yokoi bought Tokyo's prestigiously located Hotel New Japan in 1979, in part to gain status as a businessman. But the hotel burned down in 1982, killing 33, and Yokoi was sentenced to three years in jail because he failed to install required fire-prevention equipment. He's still out on bail, pending appeal.

The ruined hotel hasn't been torn down yet. Nor is it sold, despite press reports of interest by big Japanese conglomerates. But Yokoi has good reason to hold on: The site is now worth at least $1 billion, ten times more than before the fire, and it's no longer possible to find this large a parcel—2.1 acres—in the center of Tokyo. Especially not one near five subway lines, many hotels—and Kasumigaseki, the seat of the Japanese parliament. Yokoi told the local press he's almost ready to redevelop the land because he's almost through compensating the families of those killed in the fire as well as the tenants who had offices or restaurants in the hotel. Yokoi has also said he wants to put up a 50-story office building.

Yokoi first made his fortune in the military supply business, then real estate. His great wealth—$1.1 billion—hasn't bought the respect the 77-year-old Yokoi craves from Japanese society. A giant office building on the hotel site might be his last chance. Sometimes being a billionaire just isn't enough.—**Hiroko Katayama**

Kyodo

Hideki Yokoi

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So you see, it wasn't just accidents the Subaru Legacy was designed to avoid. But junk yards as well.

*R.L. Polk & Co. Statistics, July 1, 1988. **Validated by the Federation Internationale De L'Automobile.

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HEIZO KOBAYASHI

How to become a billionaire

Heizo Kobayashi, 77, made most of his $1 billion fortune in Shinjuku, an important Tokyo entertainment and shopping district. It's getting more important, with top land prices, particularly near Shinjuku railroad station, running as much as $17,000 a square foot—as pricey as in the more famous Ginza.

What's intriguing is how Kobayashi uses this expensive land. Instead of fashionable high-return retail shops

Zaikai

Heizo Kobayashi

there's a supermarket, camera store, coffee shop, a moderately priced restaurant, game arcades and convenience stores.

Kobayashi bought his land cheap, decades ago, out of his income as a prospering retailer. As a new landlord he decided to stick to what he knew best: serving the basic needs of the shop owners, ordinary workers and college students who lived upstairs from the high-rent nightspots. Meanwhile, the land's value mushroomed. Today no other low-margin shops could exist paying the rents such land now commands on the market. So Kobayashi's are crowded in the evening with the owners of the nearby bars and restaurants. He also sells ice—a business he started after the war. So when the bars near Shinjuku station run out, they turn to the local billionaire.—**Hiroko Asami**

RINJI SHINO

How to live like a billionaire

At 82, Shino is used to elegance. Most days he lives in a suite at the Hilton in Osaka. He frequently enjoys Château Chino, red wine from his own winery in Bordeaux, when he lunches at the château-like clubhouse of his own golf course outside Osaka. "My husband is like a spoiled child," his wife says fondly. "He has led his life just as he wanted."

Rinji Shino

Robert Wallis/J.B. Pictures

Lest the routine get dull, Shino spends one-third of the year in France and elsewhere in Europe, often visiting his two sons, who work in Düsseldorf and Brussels. He likes to shop for Hermès ties and for art. He recently paid about $2 million each for three pieces by the famous Japanese painter Sharaku.

Rinji Shino is the 32nd generation of the Shino family, descended from the famous 12th-century Hei family. At age 25, Rinji took over the family businesses after the death of his father, who developed much of the Kansai district around Osaka before World War II: He had put in a resort, a hydroelectric plant and roads. He had made his importance and wealth plain to all: "At that time, my father was driving a Ford," says Shino.

Today, Rinji owns some ten companies in transportation, leisure, restaurants and gas stations. Total assets, including his real estate in Japan and France, near Fontainebleau, are worth $3 billion.—**Hiroko Katayama**

HIROTOMO TAKEI

The roads not taken

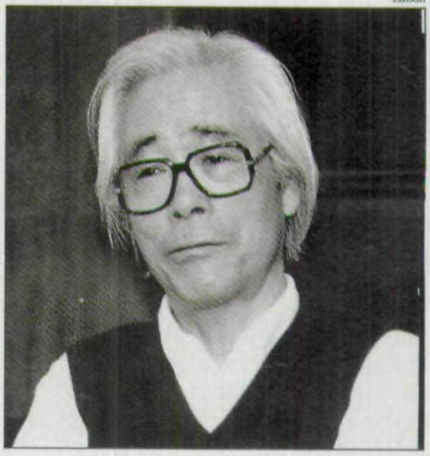
"Recently, I was told by a fortuneteller that I should have chosen a way to become a religious priest, not a businessman," sighs Takei. Poor Hirotomo! He's 69 years old, and missed his calling not once, but twice.

In his youth, Takei tried to be a newspaper reporter, but found he excelled at the business side of journalism. In 1951, two years after starting a magazine, he was going to start an Osaka edition of *Yomiuri Shimbun*. But he quit within six months and went back to Tokyo.

Using his publishing profits, he began buying real estate in 1958 and founded his Chisan group. It has more than 25 companies in real estate, hotels, leisure, restaurants, food and publishing. Chisan also has several publicly traded small companies he acquired control of in the late 1980s: delicatessen, cotton spinning, fishing equipment and computer software.

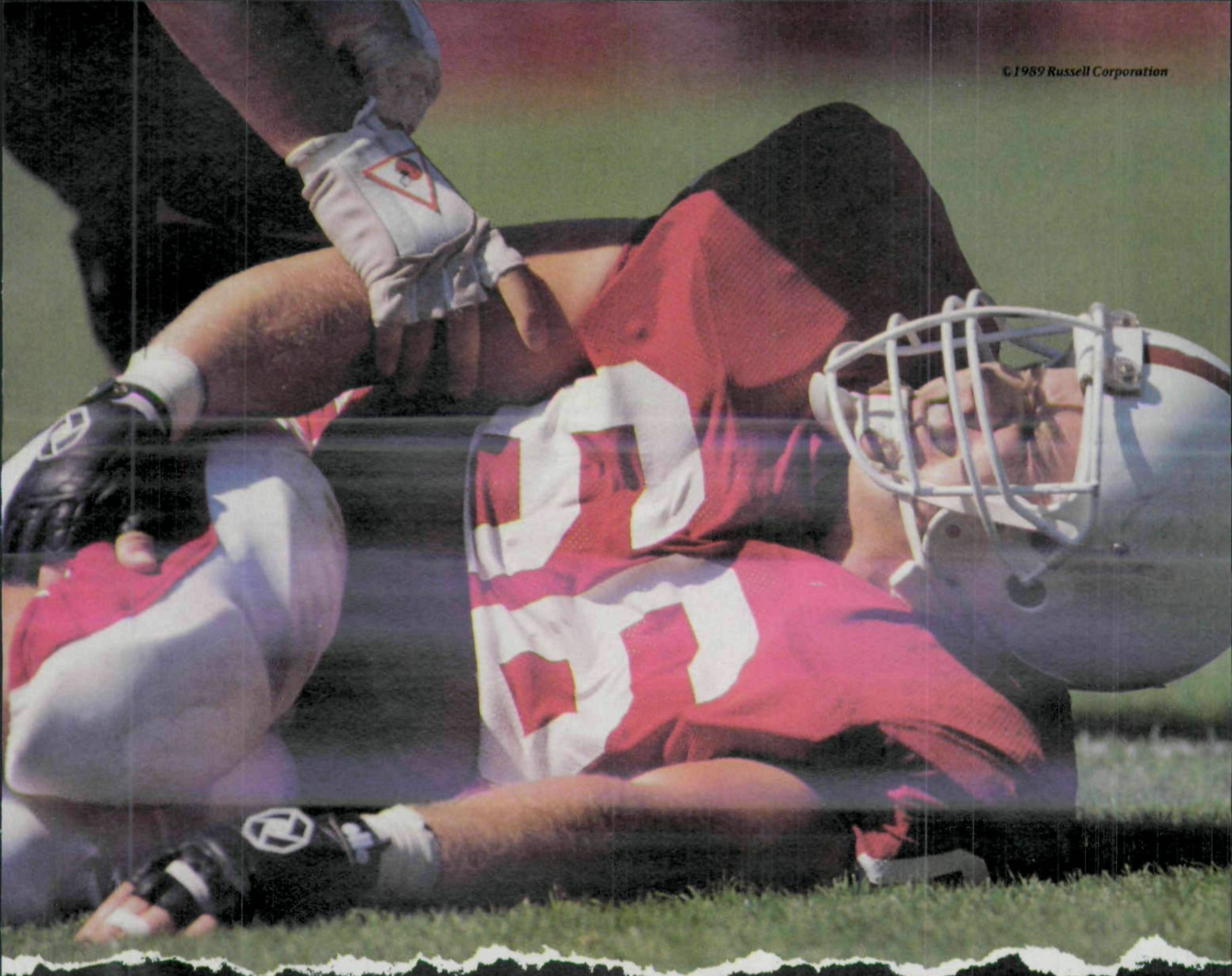
Sitting in his office surrounded by his own paintings and pottery, Takei

Zaikai



Hirotomo Takei

does not look like the head of a serious Japanese conglomerate. He has long since decided not to wear a tie at the office—or even shoes, other than slippers—except when there's an occasion like a funeral or wedding. "I wanted to be free from everything," says Takei, whose worth we estimate at over $4 billion.—**Hiroko Katayama**



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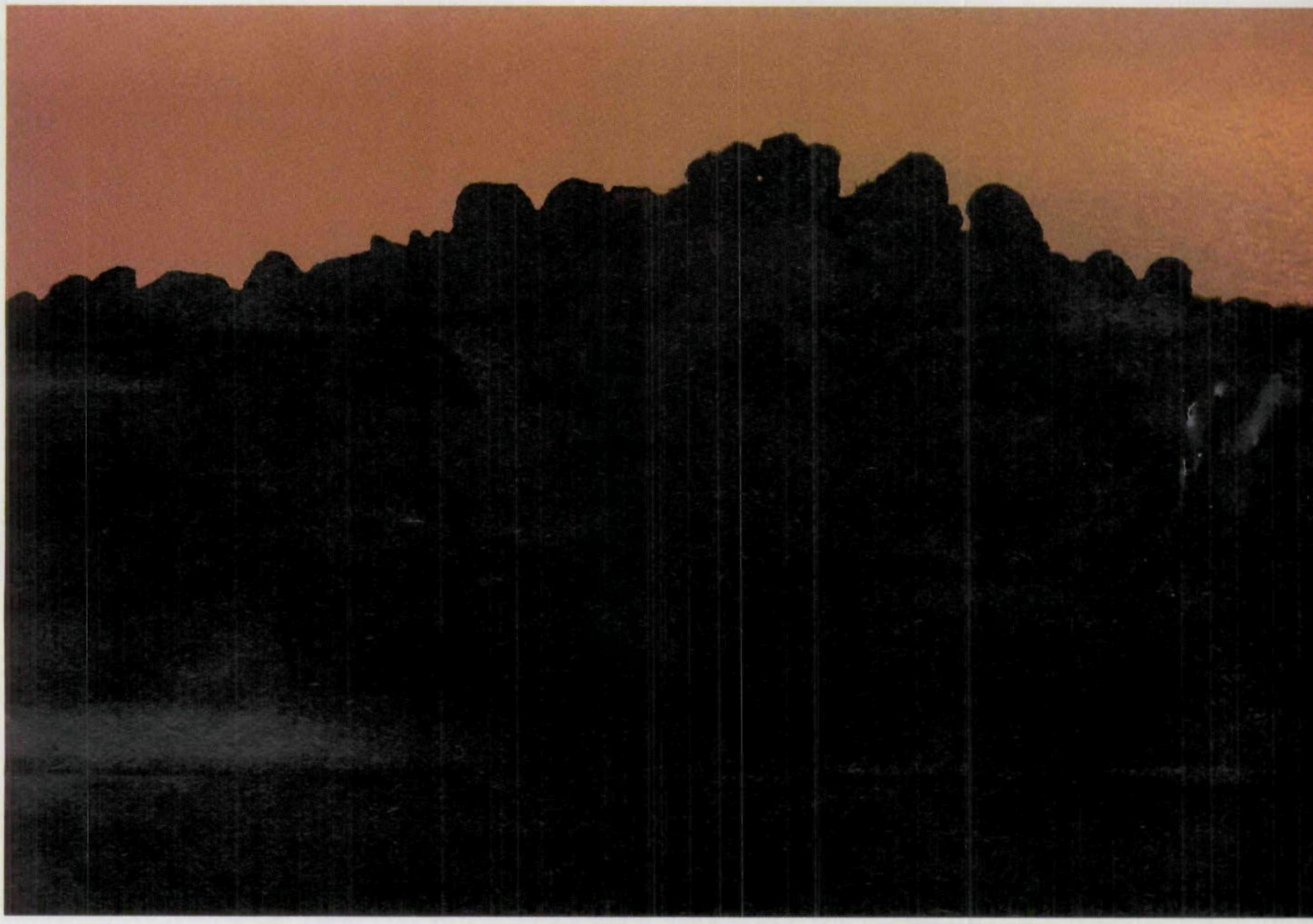

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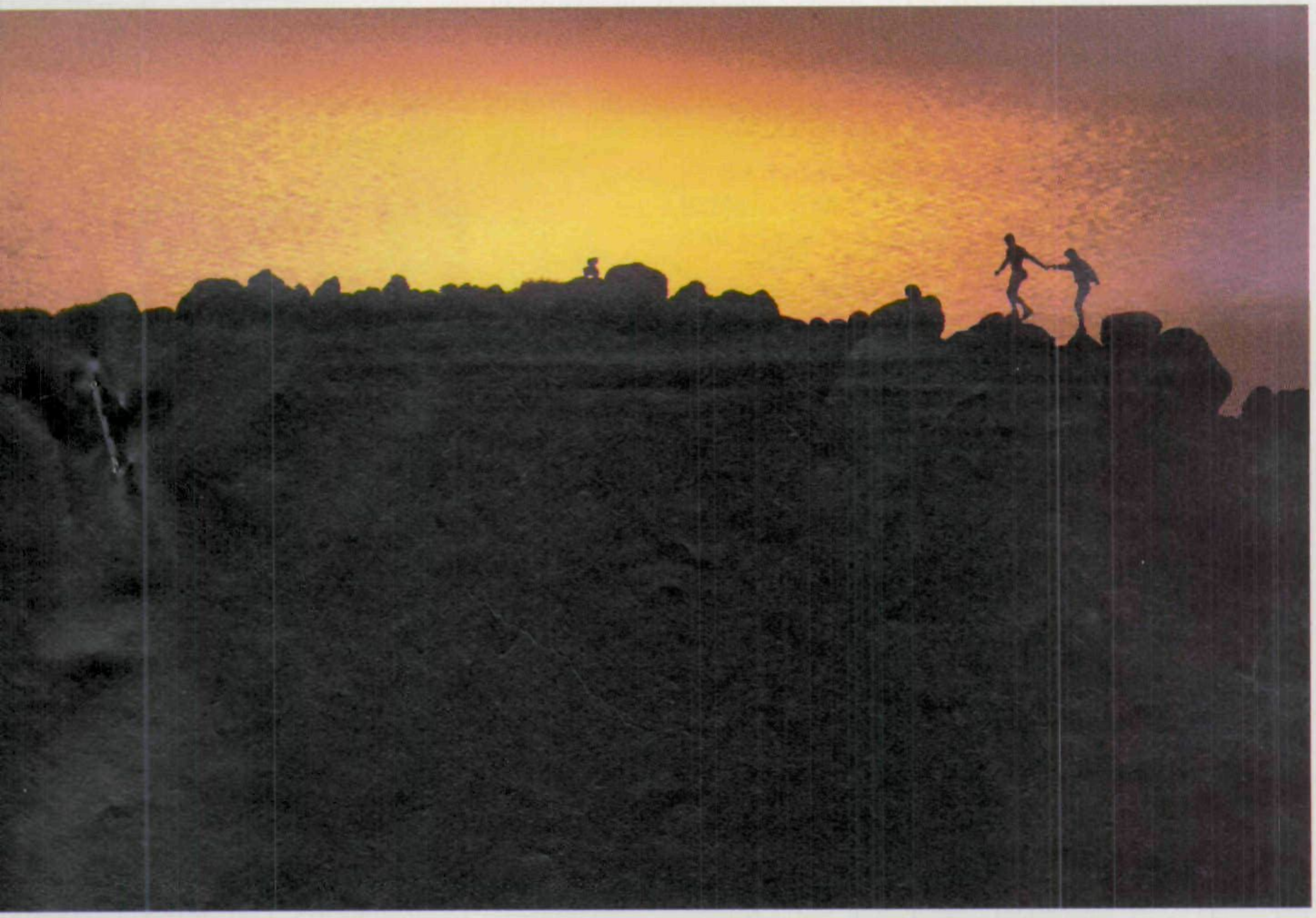

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