

Nitto Denko – A Technology-Oriented Company



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The furious wind of change will no doubt continue to blow in the 21st century, bringing a never-ending cycle of destruction and creation. But if we go on destroying for the simple reason that times must change, in the end we will be left with nothing. Even in times of change, some things are worth protecting and preserving. Among them are our corporate culture and philosophy. With this in mind, Nitto Denko has for the year 2001, the first year of the new century, announced the corporate slogan: Change Creates Opportunity! — Innovate to Create Continuous Growth!

Change is a feature of all ages; but change in the past and change in the 1990s, particularly in the last half of the decade, have been qualitatively different in terms of scale and speed. Even when change is not as dramatic as it has been, people become anxious in the face of developments which challenge the status quo; typically we react with horrified resistance or sit back in the belief that things will eventually revert to what we think of as normal. Spencer Johnson's book *Who Moved My Cheese?*, which I recently read, describes the situation well in a fable about the thoughts and actions of two mice and two so-called little people. The attitude of those who resist change instead of accepting it destroys the precious seeds of opportunity. Change occurs in the systems and structures of society and the economy, in culture and ways of thinking, in technology and products; change comes on a local scale and on a global scale, is brought by man-made disaster and by natural disaster; change proceeds according to well-timed schedules and in sudden bursts; change is literally never-ending. Now that distances in this highly interconnected world are shorter in terms of time, not only big changes, but even little changes are instantaneously transmitted and amplified worldwide.

Since the era of high-rate economic growth enjoyed by Japan in the 1960s, and even in the preceding period when we were a smaller company, we at Nitto Denko have always understood change to be the very stuff of opportunity, and have attempted to ride atop the waves of change and make them fuel our growth; with what would these days be called a venture spirit, we have read the indicators of social and technological change and responded with individual project launches to develop the right technology and products; acting thus like a grouping of venture businesses, we have maintained the structure and ethos of a small company, always seeking improved methods and continuing to grow on the strength of manufacturing achievement. In the coming 21st century, we must preserve continuity with the old century by making sure to pass on the venture gene which has allowed us to adapt so well. The first part of our new slogan serves to remind us all of the importance of this attitude to change.

Change happens in all fields. But we at Nitto Denko, as a materials manufacturer, are required to possess technology capable of contributing through product manufacture to society and to the operations of customers active in all parts of the globe in all fields of industry. Even in times of sweeping change, however, the simple fact that technology is the basis of manufacture does not change. That is precisely why we need to be highly sensitive to change in technology and why we have paid such attention to building a system which reads the indicators of change, sharpens the sensitivity of individual R&D staff members, and creates an atmosphere in which the whole company is encouraged to work out together how to integrate our technological tasks with the changes we apprehend around us. This was also the logic behind our introduction of an R&D project system, designed to create an agile and flexible structure in which frontline managers are given a large measure of independence and in which research strategy is well coordinated with both management strategy and business strategy. We believe this system is working effectively.

When, however, as in recent times, the pace of technological obsolescence is fast, we need to widen the range of our technological antenna; this approach must also be applied to component technology development and commercialization, with joint development, alliances and other strategies to accelerate the speed of research and development. At the same time, more scope must be given to a system of feedback through appropriate evaluation to turn failure into unique creative ability. Above all, I believe that the absolute preconditions of our survival through the 21st century are the ability to achieve technological breakthroughs, to use these breakthroughs to give added value to our products, to keep a ceaseless watch for new areas of business and so to continue to pursue creativity.

The second part of our new slogan — Innovate to Create Continuous Growth! — encapsulates the will to pass on to the Nitto Denko of the 21st century the corporate gene for innovation - what we call *Sanshin* (Three New) — a concept which all our staff are well acquainted with. In the development of new products, new applications and new demand, the importance of technological input is very great. I believe that innovation can only thrive when change has first been accepted. Technology plays a central role not only in new product development, but also in the development of new applications and new markets. Of course, technical staff cannot take on the task of apprehending change and realizing innovation all by themselves. Innovation comes about and spreads through a process, involving all employees, of information-sharing followed by identification of relevant areas and issues to study and concentrate on. In this way a kind of roadmap of future projects takes shape around the technology component. By advancing along the course plotted, we win the confidence of our customers and are recognized as a dependable partner.

We at Nitto Denko have declared our aspiration to become a global niche-leader, in other words we aim to secure the leading share of the world market in fields, businesses and products which emphasize our core competencies. The second half of our new slogan also expresses my hope to see all employees working towards this goal with a sense of mission and sustained enthusiasm.

In my career so far, I have worked in the conviction that the management of a company have the duty and responsibility to take an interest in technology, even if they do not understand its finer points, so as to ensure that it serves as the source of sustained growth and customer confidence; and accordingly that it is also their responsibility to inspire and encourage researchers and foster in them the practical abilities which will lead to results. If we can make our customers acknowl-

edge and trust each one of our researchers and feel that their ideas are interesting or useful or exciting, we will be repaid in success. That in turn will be reflected in the value created by products and businesses and increased corporate income. If we invest that income in research and development and new facilities to serve customers, we will be returning it to the customer. It is the belief that this way of thinking will lead to sustained growth that lies at the heart of our declared aspiration as a technology-oriented company; I believe this orientation is already bringing steady progress.

We at Nitto Denko attach great importance to the ratio of new products, that is products developed in the last three years, in total sales, because it reflects the results of combined corporate effort in technology, manufacture and sales, administration and all other areas. New products fall into three categories: pure new products; improved products, which have undergone upgrading in cost performance or quality; and expansion products, which have gained a new function or other feature and which contribute to business expansion. New products in the latter two categories are a means of extending the healthy lifecycle of business projects or product groups. All businesses and products have a limited lifecycle; keeping a product or business alive in an unhealthy state serves only to drain the vitality of the enterprise as a whole. If technology can be used to maintain existing products in a healthy state of adaptation to the demands of the day, and even contribute to their growth, the ideal scenario will have been created. Looked at in this way, we see again that technology is a prime factor in developing new markets and applications. Products which are not susceptible to any technological improvement will simply disappear. Using technology as a yardstick for evaluating businesses and products is, I believe, also an important way of assessing their maturity.

Not only product development issues, but also issues related to manufacturing must be tackled from the approach of technology. Development of energy-saving processes, cost reduction, improvement of quality, industrial waste reduction, and environmental harmonization are among the growing range of areas which can be approached from a technological angle; each one must be dealt with suitably and speedily.

Of course, within technology and product development, people, resources, money, facilities, information and of course time have all become decisively important factors. And of course technology does not refer just to the frontiers of scientific discovery. Reinventing, converting, and combining existing technology, adjusting the corporate genetic makeup, keeping areas beyond one's specialist field within antenna range, corporate tie-ups and buy-outs to purchase time, and generally pursuing any and every possibility are required activities in the process of corporate technology and product development.

If an awareness of problems and risks is maintained constantly, all kinds of suggestions will be made to management; it is creating an atmosphere in which they are welcomed that is, I believe, the most important task. I think activity of this kind will be of great benefit to us in the 21st century.

Acknowledged by society, trusted by our customers, and continuing to build prosperity with them in a future built on technology: that is the Nitto Denko I aspire to and which we will continue to work for in the 21st century. I ask for your continued support and encouragement.