

Bamboo: Big Growth Potential

Interviewer: Takamasu Kanji

Some people in North America and Europe may have never seen bamboo groves. Bamboos grow in a wide range of tropical and temperate regions other than North America and Europe. Bamboo plants extend rhizomes underground and grow extremely fast and are characterized by their sword-shaped leaves and hollow trunks divided by joints about every 30-40 cm. Some of the bamboos grow to a height of more than 20 meters and have trunks measuring up to 20 cm in diameter. Among more than 1,200 bamboo species, the maozhu bamboo is one of the largest. This reporter interviewed Mr. Takagi Kanichiro, 68, who is a pioneer in building a business model for mass production of slim bamboo skewers and chopsticks using the maozhu bamboo as a material.



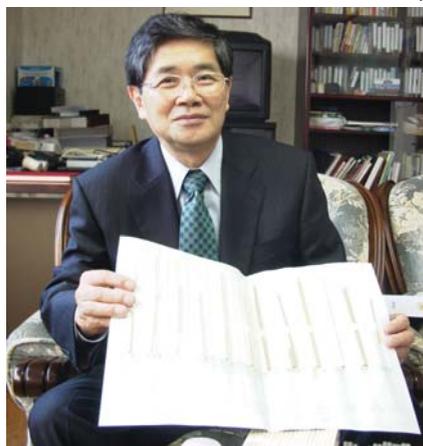
Photo: Takamasu Kanji

Starting with Glass-Window Rails

Upon hearing the word bamboo, many people today think of food – bamboo shoots – and craftwork such as hand-made bamboo baskets. The plant has been used since ancient times for purposes ranging from construction material to craftwork. Bamboo skewers and chopsticks represent some of the simplest forms of bamboo products. What kind of processing are you doing to the bamboo?

Takagi: Many people may think bamboo skewers are made by simply splitting bamboos into slim, short sticks for one-time use. But, in reality, more than 10 production processes are required to produce a variety of skewers and chopsticks. Safety consideration is also needed because users put meat, fish, sweets and other various foods into their mouths on skewers or with chopsticks. We sell 12 types of skewers for various food uses, a total of 90 skewer items that are different in length and size. We offer them as disposable items for around \$2 per 100-unit pack. The number of items for sale is 2,000, including ornamented skewers and bamboo-sheath containers.

When did you start the industrial production of bamboo skewers?



Izumo Chikuzai Industry Co. President Takagi Kanichiro

Takagi: I think bamboo skewers used to be produced even before the start of recorded history. It was in the 1960s when demand for bamboo skewers skyrocketed enough to require the industrial production as seen nowadays. Japan achieved quick economic growth at that time, and *yakitori*, or grilled chicken on skewers, has since become a popular food item. Seasoned, charcoal-grilled meat – not only chicken but eel, fish, pork and beef – has been found to be most tasty. People have noticed that grilling and skewering are the best cooking method for meat. As bamboos are straight in fiber, bamboo sticks are suitable to skewer foodstuff. They do not break so easily and disposable bamboo skewers for one-time use are also sanitary and safe.

What bamboo goods have you produced so far?

Takagi: In 1940, my father, Takagi Teiichi, began producing bamboo rails for glass windows at his home town of Matsue. He came back to Matsue from Kobe where he had been engaged in an import business of rare metals like molybdenum concentrates from South America and Peruvian-grown cotton. He was forced to give up the trade business because of the outbreak of World War II and sought a different business field. During the war, Japanese people were forced to contribute all their daily-use metal products to the military. My father began producing bamboo glass-window rails as an alternative to metallic ones. Bamboo rails are inferior in strength but suited for glass-window rails because bamboo fibers are straight. That business was authorized as a war industry, and he gained the military's approval for production of bamboo rails. But this may be unbelievable for today's young generation.

Immediately after the end of the war, my father began to produce bamboo bags and blinds and exported them mainly to the United States. He was originally a trader. Many bamboo-processing workers had remained in his factory, and he used rich bamboo resources around Matsue. Exotic bamboo bags sold well and bamboo blinds were used to screen pools at home. His company was honored as an export promoter in 1953 by a traders' association in Kobe.



Photos: Izumo Chikuzai Industry Co.



Bamboo skewers: a mighty tool for a variety of use ranging from food like meat, fish and sweets, to cooking like boiling, grilling, etc. Bamboo sheaths, also used as pouches and lunch boxes, are environment-friendly and sanitary.

Did the export business last?

Takagi: Rivals emerged in the latter half of the 1950s not only at home but also abroad, particularly in Taiwan. Exports gradually became sluggish due to severe cost competition. But at that time, demand for bamboo skewers rose rapidly in the domestic market. This was because *yakitori* and *oden* (a hotchpotch of vegetables, eggs, fish cake, etc.) became hit food items as the Japanese economy grew. So, we shifted our focus to the production of bamboo skewers.

Didn't you need to sharply shuffle the manufacturing process to change your product items?

Takagi: The production process was mechanized with machines of my own design. Long-serving skilled workers grew older. We cut production costs by automating a series of production processes – from the process of breaking up bamboos to smoothening and polishing. I studied economics at school and engineering was not a part of my vocabulary. But I had carefully watched work operations at my father's factory in my childhood. I liked repairing watches and radios and was very much interested in mechanics.

Production in Taiwan, Then in China

It was then that domestic food firms and restaurants in Japan became your main customers, wasn't it?

Takagi: The bamboo skewer market expanded steadily. But our brisk business did not last long. This was because our rivals in Taiwan began producing bamboo skewers and branched out into the Japanese market. We could not match the rival in a price war, so, we provided machines to a Taiwan company and launched production there on a consignment basis. At first, we imported semi-finished products from Taiwan and conducted the final manufacturing process in Matsue for the domestic market. It was around 1964. My father died around that time and I became head of the family business.

I hear your company has launched production in China.

Takagi: I visited China for the first time in 1968 when China was in chaos amid the Cultural Revolution. I had heard that there were vast bamboo groves in inland China south of the Yangtze River. And China has a long history of production of bamboo goods. For these reasons, I had anticipated that our bamboo business would pay in that country. I wanted to confirm this with my own eyes in China. I heard thick maozhu bamboos, which we use as our materials, grow naturally in southern China. They were brought to Japan in the 18th century.

When did you move the production base to China from Taiwan?

Takagi: We searched for a partner immediately after the 1972 restoration of diplomatic ties between Japan and China. And, in 1973, we sent

machines to China and began production there on a consignment basis. Our company and our partner in Taiwan jointly launched the China business. It was the first such attempt by a Japanese maker of bamboo products. The attempt failed, however. Skewers from China did not meet the quality requirements of the Japanese market. I had no other choice but to discard them all. To put it simply, the Chinese skewers were of very sloppy workmanship. The concept of quality control had not taken root at that time when people's communes played a key economic role in China. I therefore built a new plant in Taiwan in 1978 to increase production there. On the other hand, I decided to import various artworks from China and waited for the time to become ripe to launch production there.

How long did you wait?

Takagi: We launched our second attempt to begin consignment production in China in 1987. In the meantime, I frequently went to China and visited various locations there to procure various artworks and also to search for a candidate site for our production base and for reliable personnel who could be our future business partners. I have visited China more than 150 times so far. I was finally confident that we could launch production in China. But it was more than 10 years after the first attempt. Some other Japanese makers of bamboo products had already begun production in China. I felt that the concept of quality control had finally taken root in China.

An Import-promoting Company

What is your current production system?

Takagi: Now we have five plants in southern China's Fujian and Zhejiang provinces. All of them are run jointly with our Chinese partners. In total, 15,000 maozhu bamboo trees are processed per day at these plants. That is the equivalent of 100 truckloads. I can say it is fairly large. We depend on China for almost all output now. Our company was honored by the Ministry of International Trade and Industry (now known as the Ministry of Economy, Trade and Industry) as a promoter of imports in 1995, 42 years after being honored as an export promoter.

What are you doing in Matsue?

Takagi: We have increased the number of warehouses there. We built a new warehouse in 2007, and now have four warehouses in Matsue. We are performing only the final-stage processing work there in response to special orders from customers. I am often asked why we are building up stocking capacity at a time when manufacturers are struggling to reduce inventories. But it is most reasonable to transport a container load of products by ship, store them at warehouses in Matsue, and ship them from there to Japanese customers nationwide. We can use Japan's advanced transport services to supply our products promptly in response to orders from customers. My way of business is completely different from that of others. Our company's workforce is only nine, including my two sons – Yoshiyuki and Kanji. Annual sales are ¥560 million, 5% of the figure being from exports.

I am often asked if doing business in Matsue, a location far away from major market regions such as Tokyo and Osaka, may be disadvantageous. But we can use Japan's advanced distribution system and ship our products nationwide the day after receiving orders by fax. We can also acquire new customers through our Internet site.

We launched the website for business use at an early date after learning of its advantages from publications authored by Professor Murai Jun of Keio University. We opened the website both in Japanese and English from the outset. (The Internet address of the English site is <http://www.icbamboo.com/newpage8.htm>). Sales are traditionally called legwork. Maybe our business style is something of a "dilettante business."

But I am confident that we are maintaining the business principle of quickly providing customers with products of high quality at low prices. Many customers who first placed orders with us have become our important clients. Our product lineup is the widest in this industry. We have steadily maintained a 20% share of Japan's bamboo skewer market and we never go into sales wars seeking to grab clients from competitors. I simply don't like such a practice.

You and your father have been engaged in the bamboo product business for almost 70 years and have experienced severe competition. You have repeated major changes in the business style during the long period.

Takagi: I think it natural for business styles to change. You have to transform yourself in order to survive in the changing economic environment, particularly in the rapidly developing economies in East Asia. I think it is wrong to simply seek government help when faced with some difficulty.

Protecting the Environment, Too

What kind of advantage do bamboos have as an industrial material?

Takagi: I have been strongly interested in the global environment, our biggest issue. I installed a solar power generation system in this building at an early date and sell surplus electricity to Chugoku Electric Power Co. I switched to natural gas-powered trucks for

transportation of our products.

From the standpoint of recycling resources, bamboos are much more environmentally friendly than most wood materials. As the maozhu bamboo matures in three years, it can be reproduced at a speed 10 times faster than other types of wood. Its proliferation potential through rhizomes is strong enough to devastate a forest. So, bamboo products can be offered for one-time use. They return to the soil even after being thrown away. The bamboo is an unlimited resource and can be used for many more purposes.

What are you considering for future business?

Takagi: Demand for bamboo products is quickly expanding as a home-flooring material. Bamboo floors are rarely used in Japan. But they have won popularity in Europe, particularly in Italy and Germany. Our business partners in China are enthusiastically tackling that business.

You said you have visited China more than 150 times. Are you fluent in Chinese?

Takagi: Unfortunately, I was too busy doing business and could not learn Chinese fully. I rely on interpreters for communication. I can communicate 80% of my messages by means of writing. But, thinking of our future business, it is not enough. So I have instructed my two sons to study Chinese and English. **JS**

Photo: Izumo Chikuzai Industry Co.



Izumo Chikuzai Industry has been aggressively demonstrating its bamboo products at overseas exhibitions.

Takamasu Kanji is an editor and biographer. He is also a senior advisor to the foreign news editor of the New York Times.