

Interview with Masaki Nishioka, Chairman, & Hiroyuki Gonda, President, of Hiroki Co., Ltd.

# Transferring Japanese Craftsmanship to Ethiopia – Hiroki Leather Fashion Company

By Japan SPOTLIGHT

A fashionable store in Yokohama city sells a variety of chic fur and leather goods, such as belts, purses and jackets. Trying out the jackets might make you feel as if you were a hero or heroine in a TV drama, as they often appear in such attire. The shop itself reminds one of scenes from such programs often set in seaside towns. But most of its stylish leather items are actually made out of Ethiopian sheepskin.

In Yokohama, the venue for TICAD VII at the end of August 2019, we found a company working in close collaboration with Ethiopia. Hiroki Co., Ltd., with its stylish sales outlet, has a history of working with Ethiopia as a manufacturer of leather products using Ethiopian sheepskin. Chairman Masaki Nishioka told us in the following interview about his encounter with Ethiopian sheepskin and the story of his business partnership with Ethiopia, with some supplementary remarks by President Hiroyuki Gonda.

(Interviewed on July 19, 2019)

## Self-Introduction

**JS:** First, could you please introduce your business and yourself, Mr. Nishioka?

**Nishioka:** Our company was founded in 1952 as a Western clothing shop by my mother in the township of Yasuura in Yokosuka city. In 1960, my elder brother

Hiroki turned it into Hiroki Co., Ltd. and transferred the shop to Isezakicho in another part of Yokohama. At that time I was working as an apprentice for a wholesale shop in Tokyo, but I moved to our shop. There were so many Western clothing shops around there and all were enjoying profits. In 1964, against this background of good business, we opened a new tiny 16 square-meter shop specializing in leather and fur and crocodile skin, close to our original Western clothing shop. It was the year when the Tokyo Olympics were being held in the midst of high economic growth. Our leather goods shop soon became very popular, as we were sourcing our fashionable goods from such places as Spain, Italy or Afghanistan.



Masaki Nishioka



Hiroyuki Gonda

**Nishioka:** My younger brother studied abroad in India and after graduating from a school there he travelled in Europe by rail. He also went to Afghanistan and from there sent me by package an “Afghan Vest” such as had been made popular by The Beatles. These items turned out to be popular and sold very well, as they were loved by the young Japanese then absorbed in the hippie culture. So that’s why we

started to look abroad for our stock. In the 1970s, economic growth increased the demand for leather and fur goods and to meet this demand our company opened shops in Tokyo in places like Ginza, Shinjuku and Harajuku, as well as in Motomachi in Yokohama, Nagano and Nagoya. Our shop in Ginza triggered our continuous sales expansion with the fashion for fur in the 1970s. But in the 1980s our long-running fur boom suddenly came to an end with the intense competition among fur product shops, as well as the anti-fur campaigns by animal rights groups. In particular, the campaign led by the French actress Brigitte Bardot attracted growing attention and sympathy and thus the fur business in the United States, Europe and Japan was seriously damaged and eventually collapsed.

## History of Hiroki Co., Ltd.

**JS:** What made you go abroad to look for stock?

**JS:** How did you overcome this crisis?

**Nishioka:** When we saw signs of the decline of fur goods, having assumed what would happen at the next stage, we changed our business to one specializing in leather. We reduced the number of shops and gave up our domestic factories for fur products and changed our staple business from fur goods production to sales of leather clothing goods that we sourced in Europe. At that time, in South Korea there were almost 200 wholesale shops for leather goods, and by visiting them and having a look at their goods, we could see the direction that fashion would take. The goods that we bought from those South Korean wholesalers sold very well in Japan as well, and for around a decade thereafter sales of those goods were fine.

But early in the 1990s when the boom for Korean TV dramas, films, music and other Korean cultural products started in Japan, a Japanese fashion magazine introduced one of those wholesale shops in South Korea where you could buy items at the wholesale price. This spread to other magazines immediately and many Japanese went to South Korea to buy leather goods in these wholesale shops. This made Korean companies believe that Japanese would be good customers for them, and they started to set up their own shops in some big cities in Japan. With the emergence of such rivals, our business was again in difficulty. Such a hard experience made us again strongly convinced of the need to produce our own original products. Otherwise we would not be able to survive the competition. We came to believe that we must create superb goods that nobody could imitate. So we started visiting exhibitions abroad to search for leather materials that we could use for our own original brand.

We have had many challenges in developing our own original goods. For example, we occasionally find a wonderful leather material in an exhibition and order it, but in some cases the wrong one is delivered to us. Even after the delivery of high-quality leather material, we sometimes cannot make our products in the factory as we had assumed in advance. Leather becomes hard when wet and hard leather is easier to process, but we wanted to keep the original soft leather to make our brand distinct from others. Moreover, when leather is stretched unnecessarily, its quality is damaged and the goods cannot be sold at a high price. Such problems made us think that we should produce our goods while managing the production process by ourselves.

## Encounter with Ethiopia

**JS:** Could you tell us how you found Ethiopian sheepskin in searching for high-quality leather materials?

**Nishioka:** Ethiopian sheep are small and their skin is fine, thin, soft and robust. It has been known to be used for golfers' gloves. It is truly considered to be of supreme quality. But it has not been considered good for clothing, as it is thin and easily damaged by insects. It is also very small and you would find it difficult to cut out a big portion to make clothing.

When my nephew graduated from a school of designers in 1984 he started working on leather clothing independently. He and his wife were working on design, sales and accounting in their shop and selling fairly elaborate clothing. We invited him to work for us as a designer and let him solely work on making clothes in our shop. He told us he would be able to make clothes using Ethiopian sheepskin, even though many factories said they could not. So at exhibitions for skin materials abroad, we begged a materials shop to sell us Ethiopian sheepskin but in vain, as they told us it would not be good for clothing. Dozens of those shops refused to sell the skins for the same reason. But having heard by coincidence that the first international exhibition in Ethiopia for skin materials was being held in 2008, we decided to go to Ethiopia. Since then we had been visiting tanners in Ethiopia and asking them to refine their tanning and completing processes, and thus our own Hiroki brand of leather goods was born. We could also make a production line for the skin in our own factory founded in China in 2006. Sewing leather clothing was not as easy as was originally assumed by my nephew but somehow he was successful in completing our original leather clothing which was very well received by our clients in our shop.

**JS:** You have been in the business with Ethiopia for more than 10 years. In your experience, have you had any difficulty with Ethiopian business partners?

**Nishioka:** Yes. In Japan, generosity would be rewarded with generosity, but there it was occasionally not. Instead, we sometimes felt we were betrayed. For example, when we purchase a product in Ethiopia, we were once asked to pay 40% or 60 % of our total purchase as a down payment in the contract, an unexpectedly higher percentage than usual, which is normally around 20%. The more we pay as a down payment, the higher the risk to recover it would be and then we would have to accept further requests. We have done our best to meet these unexpected requests on their side but sometimes found our down payment was not returned.

**JS:** Are there still great benefits in doing business with Ethiopia in spite of some challenges?

**Nishioka:** Yes. For us that was setting up an ideal manufacturing process. In Japan, it was almost impossible to find a partner

company to collaborate with us closely. For example, tanners in Japan were not ready to accept our requests regarding the tanning process, such as keeping the softness of the skin, etc. What is done in each step of production is rigidly fixed. But after entering into business with Ethiopians, we could talk with our Ethiopian tanner about our interest in the initial stage of production. This is how we developed our ideal working process where we could do whatever we want.

**JS: What do you think was the key factor in achieving it?**

**Nishioka:** It was direct consultation with Ethiopian producers of sheepskin. Our requests about materials would never be realized through wholesalers. For example, we would like tanners to extend the skin vertically instead of horizontally. This request was accepted only through a direct conversation with the Ethiopian tanners working on the skin rather than talking with their top management. Good communication with them enables us to achieve whatever we may want.

**JS: Do Ethiopian tanners or skin producers have good craftsmanship and are they eager to make high-quality products regardless of the cost or their expected earnings from it?**

**Nishioka:** Yes. I think Ethiopian tanners share such craftsmanship with the Japanese ones.

**JS: It is often said that the introduction of a small handicraft industry would be more effective in promoting economic development in Africa than a big manufacturing industry with large facilities. What would be your view on this in the light of your working experience in Ethiopia?**

**Nishioka:** I think Ethiopia is keen on attracting large companies with big factories. I like the Ethiopian climate. It is cool all year long, as it is located on high land, even though it is close to the Equator. This location on high land without port facilities could be a challenge for a big company in building up a factory. In our case, what we needed as a facility was only a sewing machine and thus much more lightly equipped than large companies. In this regard, it is much easier for us to set up a production facility there than for a big company. There is also a large population in Ethiopia exceeding 100 million, so it was not so difficult to find labor.

**Gonda:** We set up our factory in Ethiopia with a firm belief – that we would produce the best leather products in the world from the hands of the Ethiopians by using Ethiopian sheepskin, the best material for leather goods and our own best technology in the world. I think Ethiopia is a good place for business dealing with high value-added goods to be produced with time and labor as well as based on specific values rather than cheap products like folkcraft. There are other places for big factories enabling mass production and consumption. The key to achieving a country's economic development is whether it can engage in manufacturing by taking advantage of its own materials.

## Human Resources Development in Ethiopia

**JS: What do you think are the main issues in human resources development in Ethiopia in the light of your business?**

**Nishioka:** You cannot apply Japanese work ethics to the Ethiopians. We find it a challenge to develop human resources. We have three Japanese staff in Ethiopia now sent from Japan. They have to teach the Ethiopian staff even how to use tape measures. Thus it takes a long time for us to raise a full-fledged workman there. The most serious challenge is that an employee may quit our company even after three years of on-the-job training just at the moment when they are supposed to be able to start working in earnest.

**Gonda:** In our factory, it is made a rule that a single person is in charge of the whole process from beginning to end of producing one item of clothing, with long labor and devotion to the job, without any division of labor. In this process, sensibility as well as technique is crucial. How to teach this sensibility? How can Japanese craftsman teach and transfer “Japanese craftsmanship” to our Ethiopian staff? That is the most difficult task for them in facing the culture and environment gap between Japanese and Ethiopians.

**JS: Is this method adopted in Japan as well?**

**Nishioka:** It was adopted by our factory in Beijing. The president of the Chinese factory also holds the job of president of the Ethiopian factory. In the case of textile materials, we can cut a pile of those simultaneously to get many pieces of the same pattern, but in the case of skin you cannot do it, as you have to cut out a different shape and size for the part of body, namely stomach, head, hips, etc. The quality of the skin for each part also differs. So we cannot apply a single method unanimously in handling the material. Therefore, we need to teach them how carefully they have to treat the skin. This is

the most difficult part of our human resources development.

**JS: You can teach them your technique, but it must be difficult to teach the spirit behind the technique.**

**Nishioka:** Yes, that's true. We would like to transfer the spirit of Japanese craftsmanship to them, that is to say, a passion for completing detailed work with much care and affection. In both of our factories abroad, China and Ethiopia, it was difficult to teach the workers this spirit as they put high priority on efficiency.

## Expectations of TICAD VII

**JS: What do you expect from TICAD VII in Yokohama in August?**

**Gonda:** On behalf of a manufacturing industry, we hope that African nations will create a good business environment to attract foreign companies including Japanese ones, taking advantage of this occasion. I think the participating African developing nations all expect technology transfers from developed nations, but in order to achieve this it is important to implement laws for facilitating business activity for foreign firms interested in doing business in Africa. In Ethiopia, we have had many difficulties with laws. First, it takes a long time for us to understand them and the fundamentals of those laws are pretty much different from Japanese ones. There are also a variety of legal documents and it takes a long time to look into interpretations of them. A company's officers responsible for legal affairs would be annoyed at so much work for clarification of legal documents. So I believe the quickest way to attract big foreign companies to Ethiopia would be to modify the laws for them to understand easily, such as by largely applying the same laws as in developed nations.

## Japanese Contributions to Africa

**JS: To promote economic development in Africa, initially small businesses establish themselves in the economy there and gradually see their revenues rise as they achieve a sufficient number of consumers. Then large companies enter and settle down in the economy, prompting it to develop further at high speed. Would this be suitable growth path for Africa?**

**Gonda:** No. I think in reality large companies come to Africa first in many cases. With those big enterprises coming from abroad, jobs are created and personal income rises and purchasing power rises as

well. Thus the market becomes bigger and then many small and medium-sized companies follow. This is the standard case of economic development in an African country. However, in this process with rises in salary, labor costs increase and then these companies would transfer their factories to another nation. What is important then is what remains to Africa, or what has been readied for the next stage of economic development. In this light, the key role of Japan, I believe, is to transfer our business philosophy to Africa as much as possible. This means not pursuing merits of scale but pursuing high-level skills and high quality products.

**Nishioka:** A mass production factory would not provide you with high-level skills by which you could earn money your whole life long. In our company, as you must work on the whole process by yourself, you can master all the parts of the process of producing leather goods.

**JS: Japanese craftsmanship was highly appreciated by Westerners visiting Japan in the 19th century. It must be necessary to transfer this to Africa.**

**Nishioka:** Yes, it is very important. We would like to establish a school in Ethiopia where anybody can learn free of charge, in addition to our on-the-job training in our factory. It would be useful for a company to recruit high-quality workers who have graduated from our school.

## Future Plans

**JS: Lastly, could you tell us about your future plans for your business?**

**Nishioka:** Since the Great Hanshin Earthquake in 1995, we have been thinking that Japan could be hit by another great earthquake anytime and anywhere. So we believe our business expansion overseas is an important growth strategy for us. China, for example, is a very attractive market for us, as it has an extremely large population and a growing market. We set up a factory in Beijing in 2006, having thought about the Chinese market in the future. We continue to be keen on having sales outlets abroad in the future. **JS**

Written with the cooperation of Naoko Sakai who is a freelance writer.