

A Competitive Edge

By Katsunosuke Maeda
President of Toray Industries, Inc.



The history of Toray Industries, spanning more than 60 years, began with fibers and textiles. But for the past 20 years, we have been using polymer chemistry to diversify our business. Today the share of non-textile operations in our company's total profits exceeds the ratio of non-textile sales to total sales, a clear sign of the success of this strategy. Nonetheless, we have no intention of withdrawing from the textile business. The percentage of textile sales to total sales is still 51%, and I am confident that the world synthetic fiber business still has ample room for growth. Rather, I wish to expand both our textile and non-textile businesses further, until synthetic fibers, plastics and other new businesses and products each account for a third of our total sales.

Our plastics division, centering on engineering films and high-performance

films, has grown markedly, propped up by the growth of such high-tech client industries as automobiles, electrical appliances and electronics. Other new areas of business include carbon fiber and other advanced composite materials; interferon, artificial kidneys and other medical products; materials and products for the electronics industry; and various tertiary-sector software and services. We are also thinking of getting into chemical products utilizing biotechnology, although commercialization lies many years away in the 21st century.

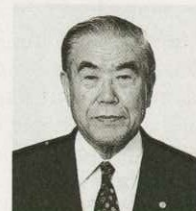
Since the 1960s, Toray has been operating in Southeast Asian countries in the field of synthetic fiber. Our joint ventures in Thailand, Malaysia and Indonesia are doing well and have started paying dividends. I can say with confidence that our company's overseas investments are al-

ready bearing fruit. Our non-textile division, meanwhile, has invested in the local manufacture and marketing of engineering films in the U.S. Our company also has a joint venture in France to manufacture carbon fiber for use in aerospace structural materials.

Our aim is to be a corporate group with the power to achieve growth at all times, in any environment. In order to strengthen our corporate constitution, we are working to bolster our research and development, production, marketing and financial capacities in line with our long-term corporate vision as we seek to achieve production costs capable of besting international competition. And at the same time, we are striving constantly to develop new businesses with the non-price competitive edge it takes to attract and satisfy our users.

Supplying Superior Products

By Yoshio Maruta
President of Kao Corporation



Even in the daily necessities industry to which our company belongs, market globalization has advanced in pace with advances in information and communications technology, and international competition has become increasingly intense. For a company like Kao, market globalization does not mean simply shipping our products to the world market. It means providing each country with goods tailored to its local climate and customs, products which perfectly meet the needs of its consumers.

This in turn requires extensive research and development. During the past several years, our company has established research centers in Los Angeles, West Berlin, Paris, and Santiga City in Spain. Our aim is to conduct R&D attuned to the local community. Naturally, such re-

search requires a long-term perspective. Take even something as commonplace as hair, for example. Japanese, American and German hair are all different, and our research on hair care products must be predicated on this fact. We believe that tenacious efforts in basic research pay off in high value-added products.

Research keyed to the needs of the local community requires flexible decision making that takes into account each area's characteristics. That is why we have dispersed our company's headquarters functions to Japan, Southeast Asia, the United States and Europe. If our head offices and research centers work closely together to fuse their R&D and marketing efforts, I am confident our company will be able to supply consumers all over the world with unrivaled products.

As a company, we do not spend time chasing after what our rivals do. Nor do we try to dominate by brute force the markets into which we have advanced. Business plans should not simply reflect numerical targets, such as the sales to be achieved in such-and-such a year or the size of market share. Rather, by mustering our knowledge, wisdom and ingenuity to study how to supply consumers with superior products, we free ourselves of the need to care about the moves of our competitors. All we need to do is to serve homes all over the world with superior products. So, we do our best even in producing such daily necessities as shampoos and detergents. Then we can leave it to the consumers in the U.S., Europe and Southeast Asia to pass judgment on a company called Kao.