

Case Study 2: Ogihara Corporation

By Ogihara Eiichi

Ogihara Corporation was founded in 1951 as an auto body sheet-metal tooling manufacturer. In the half century since then, the Ogihara Group, led by its parent company Ogihara Corporation, has developed into a powerful organization with eight companies in Japan, six companies, seven factories and one business office overseas. The following is the story of how this company got where it is today.

Because Ogihara Corporation's clients are comprised of automakers around the world, it has aimed to remain an independent company and has not become a member of any capital *keiretsu* (affiliated group). It has rationalized production and improved quality by shifting from typical labor-intensive practices to greater systematization and computerization, and has continuously challenged itself to break into new technologies.

Its first overseas order came from Ford Australia in 1965, after which its number of overseas orders gradually increased, reaching 50% of all orders in the late 1970s. Around this time, the company had much to learn from overseas automakers, starting with those in the United States, and in 1968 it sent out its first overseas research delegation. Since that time, it has continuously sent out such teams, strengthening its overseas activities. In addition, the company accepts trainees from countries which request technological support and strives for technology exchange. Internally, the company has made capital investments in technological innovations and cutting-edge machinery, and under a management policy favoring the division of the com-

pany into smaller units for greater adaptability, it established seven domestic group companies by 1982, and an eighth in 1990, the Ogihara Technical Center Co. As such, Ogihara has built up the structure of a car body engineering company.

Externally, after a period of trial-and-error development, the company came to the conclusion that it had to move some of its work closer to its customers who were placing orders. The company thus established Ogihara America Corporation (OAC) in 1984, and began performing the stamping and sub-assembly of body panels. OAC continued to grow under the guidance of its main customer Ford, and now, with a second U.S. plant that makes parts for Mercedes-Benz in Alabama, produces about \$300 million worth of parts annually.

Because Ogihara Corporation has adopted a hunter-like approach in which it focuses on taking orders for a single product, it had to establish a three-pronged system around the world to ensure a steady supply of incoming orders. First, around 1990, it set up two bases in Asia in the form of joint

corporations in Thailand and Taiwan, and then it established a business office in Beijing (now in Shanghai). Later in 1995, it established Ogihara Europe Limited (OEL) in the United Kingdom in order to rapidly respond to customer demands. Later, at its customers' request, the company established joint corporations in Mexico and Shanghai.

Companies in the automotive industry are staking their survival on alliances they are forging to meet the needs of the 21st century.

In this environment, parts makers are facing many serious demands. At overseas bases, more bulk orders of modules are being made, and this trend is putting the squeeze on primary suppliers. In the domestic sheet-metal tooling sector, this results in a change of customers. Demands are being made for higher quality, faster delivery times and reduced costs, and companies that cannot meet these demands will not survive in this market.

The age that persists only in manufacturing is over. The Ogihara Group is preparing for a customer turnkey order placement system (a quality system covering everything from the concept-making stage to mass production), making efforts to further improve its technological capabilities and cultivate its human resources, maintaining its research and development functions, and striving to meet the demands of customers and contributing to their success. **JATI**

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