

# Kensoh: Cashing in on Corporate Identity

By Akihide Segawa

**W**hen the Kyowa and Saitama banks merged into the giant Kyowa-Saitama Bank on April 1, the new head office and some 450 branches throughout the country posted glittering new metal name plates on their front doors. The plates bore the bank's new corporate symbol—an abstract image of a rising sun—and all were made by Kensoh Co., Ltd.

Kyowa-Saitama Bank is only one of a host of companies which have ordered name plates from Kensoh in recent years. Numbered among its clients are such big names as the Japan Railways Group (JR), Nippon Telegraph and Telephone Corporation (NTT) and Japan Tobacco Inc. Of the 67 new full-service banks created by upgrading mutual banks since 1988, as many as 40 have adopted Kensoh name plates.

## Modest start

Riding the crest of the corporate identity boom among Japanese companies, Kensoh is steadily expanding its business. The Hiroshima-based metal plate maker has seen sales rise an average 30% per annum for the past 10 years. In the fiscal 1990 business year ended March 31, 1991, ordinary profits reached ¥430 million (\$3.07 million at the rate of ¥140/\$) on sales of ¥5.5 billion (\$39.3 million).

Kensoh listed its shares on the over-the-counter market last November at ¥2,809 per share. It took the company three months just to decide the price; there were no other name plate makers on the big board to set a standard.

Kensoh got its modest start making name plates for ships in 1908. Name plate makers at the time were all small; the name plates, signs and original marks ordered by their clients required manual labor and precluded mass production.

It was not until Mitsuhiro Hayashi became president in 1971 that Kensoh began to take off. A grandson of the founder,

Hayashi focused on developing a more efficient manufacturing system and expanding the business into a full range of metal plates for buildings.

Kensoh owes its sudden expansion to the introduction in 1986 of its own CIM (computer integrated manufacturing) system, which has revolutionized production. The design of a new corporate symbol adopted by clients or their agents is sent to one of Kensoh's branches in Tokyo or Osaka from one of 1,250 agents scattered across Japan, and is relayed to the head office in Hiroshima over a leased value-added network. The head office works out production plans and sends instructions to three nearby factories using an in-house data communications network.

To make a name plate or logo mark, an aluminum or steel sheet must first be cut in the shape of the company name, then welded in relief to a mounting. It is then polished and coated. In Kensoh's cutting and welding processes, information from the client's order is input directly into the mechanical control system. The design is scanned by a CAD (computer aided design) scanner to generate working data for numerically controlled machine tools and welding robots. By automating much of what used to be done by hand, Kensoh can mass-produce its plates and easily adjust their size. Since the data is stored in a database, it can be retrieved at any time to meet further orders. This breakthrough has greatly enhanced Kensoh's competitiveness in an industry where speedy delivery is crucial.

Kensoh's rapid rise in the name plate industry has also benefited from the corporate identity boom. Beginning around 1988, many major Japanese companies, led by the newly privatized NTT, have subscribed to the concept of corporate identity, adopting new corporate symbols for their name plates and signs. The resulting demand for new name plates was a boon for plate manufacturers.

When NTT adopted its new corporate



The president of Kensoh Co., Mitsuhiro Hayashi. "We are always ready to create our next market."

mark, for example, it ordered new boards and mural signs in a range of sizes for 1,450 branches and local offices. It required name plates and signs in various sizes, and only Kensoh was positioned to accept the order as a single package.

But Kensoh's prowess reflects more than its production setup. It has practiced aggressive marketing to seize markets by approaching local branches of larger firms. Each branch office of Kensoh vigorously gathers data on prospective customers to help the head office get orders and sharpen its marketing decisions.

## Offering a package

Kensoh has continued to expand its marketing network, opening branches in Tokyo in 1982, in Osaka in 1984 and in Nagoya and Yokohama in 1990. Its days as a provincial company are long over. Tokyo and its environs now account for 50% of total sales; Hiroshima a mere 8%.

Its new marketing strategy shifts Kensoh's focus to package orders, going beyond merely making the name plates to help customers come up with corpo-

rate identity programs and symbols. Kensoh officials say it is easier to work out manufacturing plans and reduce costs if they are involved in developing their customers' new corporate identity from the beginning.

To keep step with new demand, Kensoh continues to expand its production facilities. Part of a new ¥3.5 billion factory, called the "Kensoh Factory Park," which is being built near the head office, will be completed in November. The current first-phase construction calls not only for production facilities, but for a restaurant and an event hall which will be open to local residents. The second phase will include a ropeway to carry employees to the hilltop main factory and lodging facilities for visitors. The compound, which commands a splendid view, can be used for other purposes besides plate making.

The factory park concept is aimed at creating an ideal work environment in order to secure a stable work force. "We make 250 items a day," says Ryoichi Hayashi, managing director and chief of the development division. "Since 90% of them are one-off items, we cannot rely totally on automation. We still have to depend on people for such tasks as welding, which is done faster by hand."

At present, Kensoh has no trouble recruiting workers, thanks in part to the publicity effect of going public. Yet the



Examples of some of the signs and name plates produced by Kensoh for a host of companies in recent years.

company's management worries that it will not always be able to recruit enough people to support further expansion. "In order to guarantee an adequate work force while raising our operating rate, we need more than just production facilities," Hayashi explains.

In order to stabilize operations,

Kensoh is planning to diversify. In 1988 it started marketing metal grinders and computer software it had developed for its own use. Its goal is to boost the share of new business in total sales from the current 3% or 4% to 10% in two years.

At the same time, Kensoh is busy to exploring overseas markets. Since 1979 it has already tied up with signboard makers and construction planners in Seoul, Honolulu and Boston, and three of the underwriters of its shares are foreign stock brokers, including Merrill Lynch. "We want to gather information on overseas markets and procure funds for overseas investment," says Mitsuhiro Hayashi. "For us, Hiroshima's neighbor is not Tokyo, but the rest of the world."

"Kensoh" means "research and creation" in Japanese, a fitting name for a company which seeks to research and create new products in step with the changing times. "Our business will not always be limited to name plate making," says Hayashi. "We are always ready to create our next market."

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Automating much of the production of name plates and logo marks has greatly enhanced Kensoh's competitiveness.