

The 7th Anglo-Japanese High Technology Industry Forum

By Louis Turner

Japanese executives are no strangers to hot spring baths. However, they do not often find themselves discussing advanced technology with foreign competitors amongst the ruined columns surrounding a 2,000-year-old Roman bath in picturesque Britain.

It was, in fact, in the historic city of Bath that last summer's program of the Anglo-Japanese High Technology Industry Forum was run. This was the seventh year that this forum has been organized jointly by the Japan Economic Foundation and Britain's Royal Institute of International Affairs (Chatham House). Despite its title (which suggests it is restricted to British and Japanese companies), participants also came from Swedish, Dutch and Canadian companies. Given that at least one of the Japanese companies was represented by an American working for a British subsidiary, the forum is now built around a truly cosmopolitan cast of characters.

Constant themes

There are some themes which have stayed relatively constant in the years of the forum's existence. One of these is the issue of industrial collaboration between British and Japanese companies. This was a topic of considerable importance in the mid-1980s, when many of the best-known examples (ICL-Fujitsu, Rover-Honda, etc.) were still relatively recent and purely greenfield investments were much rarer.

Today, such collaborations are becoming relatively mature. It was thus interesting to have Peter Bonfield, the chairman and chief executive of ICL, as the key introductory speaker to the Japanese delegation. He stressed the deepening of the relationship between Fujitsu and ICL since the former took a stake in the latter in the late 1970s. Fujitsu is clearly giving ICL an important role in its global strategy. All parties (including the British economy) seem to have developed from the

relationship. This was a reassuring start to the four-day program.

In 1992, though, each side is trying to draw ever deeper lessons from each other. One whole day was, for instance, devoted to emerging best practice in manufacturing technology and organization. This theme was introduced by Professor Dan Jones of the College of Cardiff, University of Wales, who was one of the co-authors of the seminal study of the world automotive industry's manufacturing technology—*The Machine that Changed the World*.

He coined the expression "lean production" to describe the way that Japanese companies have rethought the whole design-to-production chain in a way which has cut out delays, waste, inventories, defects and overproduction. He argued that Japanese investors were starting to demonstrate the universality of this approach through successful investments such as Nissan's in Britain, which showed that the Japanese approach to manufacturing systems could be applied quite easily elsewhere.

Although the presentation was by a British expert, it was interesting to see how much support he had from Japanese industrialists at the conference. For instance, Dr. Yasuo Nakajima from Nissan's research center explained how his company was engaged in a continuing search for production streamlining. Similarly, Dr. Seiichi Watanabe from Sony's research center described how a new style of production management had enabled its manufacturing company in Wales to stay at the top end of Sony's global quality measurements. Nobuyuki Tomita of Mitsubishi Heavy Industries' space program was a bit more cautious. While illustrating how his company used many of the techniques mentioned earlier, he raised the problems of handling smaller production batches, and also mentioned the problem of holding onto experienced mechanics.

The discussion also took into account

how the client-supplier relationship is responding to such pressures from those doing the final assembly. This strand of argument was introduced by Stuart Longley, the managing director of Philips Components. He described how suppliers and those doing the final assembly were having to work together ever more closely to deal with a world in which time to market is being steadily reduced, inventory chains are being cut, component deliveries are increasingly needed "just in time," design flexibility is needed to cater to customer needs and zero defects become all-important. He described the steps needed to facilitate "design-in" with his company's Japanese customers. Visits, patience, the creation of a liaison team, and a constant striving for achievement were all part of the eventual success story.

Deepening ties

Once again, the logic of this analysis was borne out by a number of participants. Akira Kuwahara from Toshiba Corporation demonstrated the way in which assemblers need to develop deeper relationships with a limited number of key suppliers for each component. Colin Male, director of European supply for Northern Telecom, broadened the discussion out to show how a global company like his was developing a strategy to deepen such supplier relations on a global basis.

Eiji Hayashi of NEC Corporation gave a similar picture stressing the open non-discriminatory way in which suppliers are now selected on a global basis. The emphasis is on developing long-term, reliable and flexible relationships with local suppliers becoming an important part of NEC's "mesh globalization" strategy. Finally, a presentation from Mick Davies of Dowty Seals provided a classic case of how component suppliers can position themselves to move with global companies as they internationalize their



The forum devoted a whole day to a discussion of emerging best practice in manufacturing technology and organization.

component purchases. In the case of Dowty this has involved forming a joint venture, Dowty Koike Ltd., which involves the Dowty Group, Koike Rubber and Itochu UK.

The fact that the conference spent so much time discussing best practice manufacturing technology and the development of relationships with component suppliers is an indication of the practical value of the forum's activities. Although the non-Japanese participants clearly had a lot to learn from the best Japanese practice, the learning decidedly was not all one way. All companies are seeking to improve all parts of the "time to market" chain, and Western companies with long-established global activities inevitably have lessons to teach Japanese companies, even if the latter are currently driving best-practice on the factory floor.

Policy issues

The forum ranged, however, far more widely than this. Policy issues were raised by speakers from the Department of Trade and Industry (Dr. Colin Hicks) and the Ministry of International Trade and Industry (Tamotsu Mukai). One morning was devoted to policy developments in the European Community and the implications of the collapse of the Soviet Union. Sir Geoffrey Allen, executive adviser to Kobe Steel, and Dr. David Miles of the European Commission combined to give an informative overview of research collaboration within Europe. The issue of Japanese involvement within

such collaboration was raised, attracting the common answer that, once Japanese companies become more fully integrated within Europe (i.e. they do research as well as assembly), the European authorities would look more kindly on their case.

It should be noted, though, that ICL executives were testifying elsewhere in the conference about how much support they received from other European industrial collaborators when their involvement in various collaborative ventures under the EUREKA program was put in jeopardy by the increased equity stake taken by Fujitsu. Naomichi Suzuki, a former MITI vice minister, made a plea for greater international cooperation on such issues when he developed his arguments about the spread of techno-globalism, which calls for collaboration on research initiatives aimed at global needs.

There was a particularly interesting debate about the implications of developments in the former Soviet Union. Dr. Seiichi Takeuchi of Sumitomo Electric Industries discussed the lessons from the conversion of defense industries in Japan after 1945, and the conference debated what lessons should be drawn from this experience for Russia. David Beesley from ICL gave a reasonably optimistic analysis of two joint ventures his company has in Russia (and one in Poland). He was complimentary about the quality of the human resources on offer, though he was candid about some of the damage that the official Soviet culture had wreaked. Under questioning, it became clear that the post-1945 Japanese experi-

ence was only of partial relevance, since few of the relevant Japanese companies were required to make the kind of transition required, say, of a Russian missile factory now trying to make buses.

Research sites

Inevitably, the conference covered many more topics, including a half-day on technology and the future of society, and a parallel session on the commercialization of research and development. All one can say, in conclusion, is that the quality of discussion now runs at a very high level. Both sides know each other well. The organizers can generally provide a suitably relaxed atmosphere to foster debate, and all the indications are that participants respond by speaking freely. As with all good conferences, the problem for chairmen was bringing sessions to a close before all participants had their say.

Finally, one should note that the forum involves much more than a mere conference. The Japanese ambassador, Hiroshi Kitamura, was the guest of honor at a reception (and the British Ambassador-designate Sir John Boyd and his future science counselor in Tokyo, Tony Cox, both attended the conference). In addition, there were visits to the research laboratories of Imperial College—a center of excellence in applied science with a long history of relations with Japan—the Rutherford-Appleton laboratory, the National Physical Laboratory, the Oxford Science Park, Oxford Instruments and Northern Telecom.

All in all, this was a busy schedule which introduced the Japanese team to some of the more interesting research sites in Britain.

As the British organizer, I would like to end by saying we all enjoyed ourselves on the British side. As we say in Britain, "roll on" summer 1993 when the forum will be held in Japan and we can meet up with old friends to continue debates started in the pleasant surroundings of Bath. ■

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