Minato Company: Coming up Roses

By Yumiko Matsudaira

"I'm glad to see you," says Chiaki Ohama, president of Minato Co., as he greets visitors with a vinyl bag and a bottle of perfume in hand. "Let me show you some magic before talking shop."

The vinyl bag contains ammonium. First he asks his guests to smell the liquid. Then he lets fall a few drops of perfume into the bag, and then puts in a small white cloth, about 3 centimeters square. After shaking it three times, Ohama again opens the bag.

Out drifts the fragrance of perfume without a trace of the scent of ammonium. Ohama beams as his visitors gape.

The real "magic" is the small white cloth. It is saturated with "Anico," a deodorizing agent Ohama developed jointly with the National Chemical Laboratory for Industry attached to the Ministry of International Trade and Industry (MITI). The main ingredients are ferrous sulfate and ascorbic acid (vitamin C). In September 1982, Ohama applied for a joint patent with the national laboratory.

Anico works by absorbing the elements of smell through a chemical reaction. This is why Anico removes far more odor than activated carbon (about 100 times more in the case of ammonium). Moreover, it is harmless to the human body. It easily permeates textiles without losing its effect and can be mixed into resin, and most remarkably, it acts only on bad smells, not good smells. As if that were not enough, Anico controls bacteria, keeping things around it fresh.

Understandably, chemical companies and household utensil makers have rushed to develop Anico-containing products, triggering the so-called Anico fever. They range from refrigerator deodorizers to deodorants for pets, *futon* (bedding) and calendars.

Chiaki Ohama, president of Minato Co., Ltd.

The popularity of Anico sent Minato's sales for the year ending in January 1986 zooming to ¥1.5 billion (about $8.3 million at the rate of $1/¥180), triple the previous year's total.

The inventor entrepreneur

When Ohama set out to create Anico in 1978, Minato was simply an industrial waste disposal firm. Every summer, it received a flood of complaints from customers about the offensive odor from garbage put out by department store restaurants and kitchens. Minato ordered ten different deodorants and tested them all, but none of them did the trick.

That frustrating experience promoted Ohama to try to develop a deodorant by himself. Judging from the spate of complaints, he was confident that a truly effective deodorizing agent would be a big hit.

What drove Ohama, a layman in chemistry, to tackle an utterly unknown job? It may have had something to do with the experience of his youth.

Born on Japan's northernmost main island of Hokkaido in 1941, Ohama always put heart and soul into anything he did. In elementary school, he was so engrossed in skiing that he often skipped class. When spotted practicing he was taken forcibly back to school.

Ohama later dropped out of university after coming down with tuberculosis. During the year and a half he spent in a hospital in his home town, he pondered for days how he could get by in the world as a handicapped person.

Released at last, Ohama moved to Tokyo where a close friend of his father's was working at a paper company. The friend told him how important it was to recover and recycle wastepaper, and Ohama, impressed by his words, made up his mind to take up paper-collecting. After working as an apprentice, he opened his own wastepaper shop in Yokohama. Riding on the crest of the high economic growth of the 1960s, he rapidly expanded his business and upgraded the shop to Minato Co. in 1972.

As he became more successful Ohama luxuriated in affluence, buying a deluxe foreign car and running a restaurant on the side. But he was not good at hedonism. He wanted something he could devote himself to. He wanted a job big enough to expand internationally. In his search for Anico, he found it.

Starting from scratch

Ohama began from square one. He read high school textbooks to acquaint

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himself with basic chemistry. He scanned every newspaper and magazine article he could find on science. Whenever he found a word he didn't know, he looked it up in a dictionary and jotted it down. Leaving the management of his company to a trusted aide, Ohama concentrated on his research.

Tests with deodorants already on the market showed that those based on iron compounds were relatively effective. In studying why, he found that ferro-ion easily combines with the elements in bad smells. But the ion was so unstable that it promptly oxidized on contact with water and air. Ohama wondered if the ion could be stabilized by adding something to it. But he was at his wits' end to discover what that "something" was.

Ohama finally asked his elder brother, employed at a chemical company, to help him find a specialist who could unravel the mystery. This led to his first encounter with Yoshikatsu Ikari, a senior research scientist at the Bioorganic Chemistry Division in the National Chemical Laboratory for Industry.

Ohama was usually quiet and somewhat shy of strangers. But with Ikari he was a changed man. He promptly whipped out a sample of the substance he was working on and, Ikari recalls, waxed eloquent about what he had achieved. The scientist listened silently for two hours, then advised Ohama to embark on joint research with his laboratory. Ikari had remembered that there was a MITI-initiated system to promote joint research between the laboratory and private businesses in new product development.

Jumping on the bandwagon

Delighted at the suggestion, Ohama immediately started in on the paperwork. It was in 1980 that Ohama and Ikari again compared notes and agreed to search for a harmless substance that could render ferro-ion stable. Ikari was an expert on the disposal of hazardous materials.

Day in and day out, the scientist combined substance after substance with ferro-ion, measuring their deodorizing effect. After two years, he succeeded in ascertaining that ascorbic acid remains stable with ferro-ion.

Ohama's zeal was no less extraordinary. He commuted daily to the laboratory at Tsukuba, northeast of Tokyo, from his home in Yokohama to keep watch on the experiment's progress. By then, Ikari recalls, Ohama, once an utter amateur, was as knowledgeable about chemistry as a postgraduate student.

Ohama's feelings for the Anico thus developed transcends love. In choosing partners for overseas ventures, he always gives precedence to those "who understand the superb quality of Anico products." For the time being, he says, he will entrust a domestic chemical company with the manufacture of his pet and export semi-finished products that can be finished jointly with local makers overseas.

Anico is used in a wide variety of products for home and institutional use.

Mitsubishi Corp. and Daicel Chemical Industries have rights to produce and sell Anico abroad. Mitsubishi looks after the United States, Canada, Mexico and South Korea, while Daicel handles the rest of the world. Mitsubishi expects tremendous demand in the U.S. for products ranging from deodorizers for spaceships and aircraft to odorless plastics and sportswear.

Eager Korea

In South Korea, with the Seoul Olympics only two years away, hotel and airport construction is in full swing. Thus there is strong demand for "clean materials" with built-in deodorants. Since April this year, Mitsubishi has been selling Anico products in Korea through its affiliate, Sinleung Co. Mitsubishi expects to sell as much as 4.5 billion won worth on an end-user price basis (estimated at the rate of 1 won = ¥0.25) in the initial year alone.

So deeply attached to Anico and so confident of its qualities is Ohama that it sometimes gets him into trouble with his business partners. In March 1985, Minato dissolved its business ties with a major trading company, reportedly because Ohama wanted Anico on the market as soon as possible, while the trading firm advocated a slow-but-steady approach.

Such disputes may be an inevitable trap for the venture business entrepreneur who has developed his own revolutionary product. Ohama now says he learned a lot from the experience, and that he is poised to move steadily and without haste when tackling new product development schemes. But that does not mean he will no longer be forging ahead. With Minato's tie-up with Sinleung, the company is preparing for its next great leap forward: expansion overseas. ●

Table 1 Minato Co. Sales (Unit: ¥1,000)

Term	Period	Sales	Ordinary profit
7th	1978–1979	306,970	30,890
8th	1979–1980	329,720	48,270
9th	1980–1981	323,160	28,270
10th	1981–1982	280,540	24,350
11th	1982–1983	250,830	26,600
12th	1983–1984	257,660	21,950
13th	1984–1985	488,050	28,660
14th	1985–1986	1,500,000	150,000

Note: Each period starts on February 1 and ends on January 31.