

## Towards a "Global One JTEKT"

JTEKT is promoting a "Global One JTEKT" to realize our Vision. Recently, we spoke with two managing officers from overseas subsidiaries in charge of regional headquarters regarding this "Global ONE JTEKT" theme.



Mr. Francis Fortin

Mr. Michael Davidson

### The ideal for regional management and JTEKT Group's growth

**Moderator** From your positions at regional headquarters, what sort of ideal should the respective regional management bodies be aiming for? Please tell us your answer in relation to the growth of JTEKT Group overall.

**Fortin** We would like to see regional management achieving independency from global headquarters (self-reliance) and being a reliable entity. This "independency" (self-reliance) is a key message for local management. In many cases, the management executives sent from Japan return to their country in three to five years however, naturally, we need to continue operations

and grow stronger as a business beyond this timeframe. In order to swiftly respond to the constantly changing needs of customers and markets, as well as seize business opportunities, I think strong and reliable regional management is essential. JTEKT may be a Japanese company when you look at its home address, but I think its global organizational management needs to be rooted in the relevant local region. Precisely because there are strong regions and reliable localities, it will be easier to liaise between different regions, including Japan, and this will no doubt help to strengthen the competitiveness of JTEKT overall.

### Issues faced by regional management

**Moderator** What kind of issues stand in the way of achieving the ideal you mentioned just now?

**Fortin** The primary purpose of regional headquarters is to receive policies from global headquarters, translate these into content suited to the respective region, provide guidance to solutions for overcoming each country's unique issues and maximize the capabilities that each of these countries possesses. However, I constantly sense that, in order to fulfill this mission, the unique characteristics of European regions in particular pose a challenge. Mainly because European regional headquarters must oversee countries such as England, France, Germany and Holland, which all have differing histories, languages and cultures. The level of market maturity for each country also differs, meaning that each country within Europe faces different business issues.

For regional headquarters, accepting the different market characteristics and values of each country at the same time as binding the capabilities of each overseas subsidiary together as "ONE JTEKT" and establishing a strong conglomerate is as much of a major issue as it is a challenge.

**Davidson** Mr. Fortin's assertion of "a strong region makes for a strong JTEKT" is particularly applicable to North America. In

order to achieve strong regions, one major issue is developing next-generation leaders. It is our urgent mission to develop systems for swift and flexible decision-making in the locality without relying on global headquarters, as well as nurture leaders with such qualities.

These days, it is becoming increasingly complicated to develop next-generation leaders. The requirements and experience in order to become a regional manager are diversifying and, in order to execute a succession plan, there is a need to develop candidates from a more long-term and strategic perspective.

Each employee has different grounds for motivation, and in regards to developing leaders like this specifically, I think there is a need to establish independent strategies led by the region. Meanwhile, looking at the business on the whole, it is a fact that independency can't solve everything. Particularly in recent years, there has been a decline in the number of business transactions that only apply to one specific region. Our customers operate business on a global scale and JTEKT must be able to follow such movements or I feel we will lose our competitive edge.

For example, we need to not only pick up on our customers' needs in regards to a specific region, but also their global needs through actions such as consolidation of a global customer point of contact or in terms of design and pricing aspects. In addition, we need to possess a global perspective and push

ahead with optimization for supply chains. In other words, the balance between overall global optimization and independency

is important and, particularly in regards to the former, ONE JTEKT activity on a global level is precisely what is needed.

### Initiatives and outcomes for "Global ONE JTEKT"

**Moderator** Please tell us the specific initiatives and outcomes relating to the ONE JTEKT movement.

**Fortin** An important part of promoting a shift to ONE JTEKT is instilling an awareness that even though countries may differ, they are all part of one single region and have this interpreted in a positive light. To this end, the European regional headquarters provides opportunities to make business investigations for Europe on the whole and mutual understanding that are attended by the top management executives of each overseas subsidiary under our jurisdiction. We are also strengthening the knowledge management of our employees and inter-regional interaction.

In recent years, we have offered a seminar called "JTEKT Academy" which is held over a number of days and involves new employees from each overseas subsidiary and each business in the European region coming together under the one roof. JTEKT Academy is an opportunity for participants to share information and discuss matters beyond the business they are assigned to such as what type of company JTEKT is, what environment JTEKT is surrounded by in the context of Europe, what JTEKT should aim for and what it should change.

While one aim of these activities is the interaction of JTEKT colleagues from different countries and businesses who would have much less of an opportunity to see each other once they enter their respective workplaces, we also believe these

activities are contributing significantly to the reform of employee consciousness on a long-term basis as well as helping them consider their career path design.

**Davidson** Even in North America, the history of each corporate entity under our jurisdiction differs. As the regional headquarters, we have strengthened our ability to build a corporate culture that goes beyond such differences to offer speed and flexibility. Promotion of JTEKT WAY is the area where we have concentrated most of our efforts. JTEKT WAY is a tool to unite people of different backgrounds and, as such, I feel it plays an even more critical role in JTEKT bases outside of Japan.

Moreover, moving forward, I would also like to pursue synergy between businesses within the region. One example is uniting our technical centers, which is one function of a regional headquarters company, as a cross-business function. By hiring employees in the one location with the one system, I want to make it possible to flexibly deploy and reshuffle personnel throughout the lifecycle of our businesses and technologies.

Moreover, in terms of the aftermarket, I would like to see us develop a united aftermarket brand as the JTEKT Group not dependent on the mother business of bearings, steering, etc. In addition to increasing the competitiveness of individual products, by tapping into the potential unique to each product as one brand, we aim to strengthen the competitiveness of the JTEKT Group overall.

### In closing,

**Moderator** Please tell us your future ambitions.

**Davidson** In overseas bases, ONE JTEKT is an essential activity, and I feel that its necessity and urgency is even greater than in Japan.

To date, there are already many initiatives originating from

Europe and America, however I would like to see these activities further accelerated and escalated to Global ONE JTEKT activities that are not specific to any given region, but include Japan headquarters and other regions also.