

Building value globally

We interviewed two managing officers from overseas subsidiaries for their views regarding what initiatives should be implemented to ensure the JTEKT Group continues to create value on a global basis.



Francis Fortin

Managing Officer in charge of European businesses

Michael Davidson

Managing Officers in charge of North American businesses

Views on contributing to society and environmental issues

Davidson: In my region, North America, the world is changing at an unprecedented pace owing to technological advances that were unthinkable under past paradigms and a succession of net entrants into the automotive industry from other fields. To respond to such changes, we at JTEKT must leverage our experience and know-how gained up to now to the fullest. Furthermore, we also need to consider how we can contribute to society through our product design and manufacturing.

Fortin: The situation is the same in Europe. Social interest in environmental issues in particular has been growing year by year, and more stringent regulations are exerting a major impact on the automotive industry. As a result, it is critical to gain a firm understanding of our customers' trends and to be positioned to respond to their movements in a timely fashion. Stricter regulations are making customers' requirements more complex and sophisticated. There are also an increasing number of global projects that require complying with multiple regulations that cross national borders. We need to speed up everything we do to keep pace with this changing environment.

Davidson: Against this backdrop, we need to create the environment both globally and locally in which we can hire the necessary talent, respond as needed, and generate the right output whenever it is needed. I think it is fair to say that JTEKT has made more progress in becoming a diverse organization than its peers because it has a broad product lineup and manufacturing plants around the world. I would like JTEKT to fully apply this diversity as a strength to comply with regulations, contribute to society, and tackle environmental issues in a timely fashion. In North America, we have set internal targets for addressing environmental issues and each business location is working together to achieve them. As some examples, we are working toward reducing the amount of waste that goes to landfills to zero, optimally managing compressed air used in plants, cutting wastewater volumes, and improving the way we manage the time lighting is used. These are some of the ways that when the entire organization—the company and its plants—is involved that we can continue to create working environments in which each employee can focus on the environment while they perform their daily activities.

Fortin: We are proactively introducing renewable energy as part of our response to environmental protection issues in Europe. Furthermore, we are sorting our plant waste and continually working to reduce the amount of waste we produce. At the same time, we are uncovering and supporting new suppliers and working to reduce CO₂ generated during transportation by producing our products in closer proximity to our customers.

The kind of talent needed

Fortin: First of all, we need professionals who are highly adaptable to changes in our business and markets. Next, for issues that require us to respond globally, we need staff with the ability to compile information in their region and share that information with global members in a timely manner without hesitation. It may sound like a fairly simple matter, but a high degree of sensitivity and skill is needed to determine what information is needed by when in what region. Since developing talent with such high sensitivity and skill requires promoting personnel exchanges that cross business units and with other regions, we are now building a global framework to make this happen. Moreover, I am confident that we can make "Global One JTEKT" a reality if we have more members that have gained such experiences.

Davidson: I believe talented personnel who possess both a sense of ownership and self-motivation will lead JTEKT to success as a global company. In addition, people with the ability to look at regional requirements and have the skills to optimize by identifying domains that should be standardized and those that should be deliberately not standardized. Such skills will produce a competitive strength that gives due consideration to regional markets and cultures. For JTEKT to make a major advance from regional to global markets, we need to not only resolve the issues that may emerge from diversity but also have leaders with the skills to overcome such issues.

Issues facing regional management

Davidson: I believe raising the pace of our technological development is the most important issue we face when we consider the rapidly changing competitive environment of recent years. Our customers in the automotive industry are looking for the "next" technology, so they are shifting their resources to address the changes that lie ahead. This shift in resources means that even if we invest in and expand sales in our existing portfolio, our customers may not require such products in their next model or generation. Therefore, we must move quickly to start development of new technologies and transition to a business model in which we grow sales in both established and new product lines. Furthermore, what customers are thinking about "next" varies by region, so we must be diligent in sharing information on regional needs within the Group.

Fortin: When looking at JTEKT from a global perspective, it is clear that there are some overlapping organizations and functions. We need to visualize and optimize these while efficiently utilizing the technological and manufacturing capabilities JTEKT has as a whole. We at JTEKT have much to learn from one another in each region. I believe we need to continue to discuss what we should do and where we should do it in order to optimize the organization and its functions.



JTEKT North America Headquarters

Governance

Davidson: Given the advances in globalization in our business environment recently, it is clear that to be global ourselves we need to build governance structures in each of our regions. This means observing strict compliance with laws and regulations in each country and managing it with the proper decision-making process. Toward this end, executives and directors must have a strong mind-set and act with a focus on governance and control.

Fortin: I think an appropriate level of regional delegation is necessary in regional governance. This is because given the complex cultural environments and our ever-diversifying customer base, the people on the ground locally are best positioned to deal with any issues that arise. I believe the "One JTEKT" we are striving to achieve can be attained by augmenting each other's strengths and establishing strong and stable regional governance that works in harmony in the region regardless of country, language, religion, or culture. Therefore, each region needs to strengthen its governance structure and its capabilities in *monozukuri* (building excellent products).

Hopes for the future

Fortin: To adapt agilely to changes and advances in our business, I would like to build a true JTEKT organization with a JTEKT mind-set in Europe as a company that lives and breathes *monozukuri* and can respond with the best technologies and resources. I will strive to create an organization and culture that stimulates the motivation of our employees and leads to "value building."

Davidson: I am confident that the "value" in "value building" can be defined by our clients, employees, and shareholders as well as the people living in our communities. I aim to create an organization that can deliver the value expected of us under that definition in an efficient and sustainable way.