

Interview with General Manager of Manufacturing & Engineering Division



Executive Officer
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**Realization of mission
to make the best quality
available to everyone
by co-creation with customers**

Q:Where would you say Proterial's strengths lie?

Our mission is to make the best quality available to everyone, which means bringing new levels of value to customers all around the world. From a manufacturing point of view, our strengths lie in responding to the advanced demands from and challenges faced by our customers, creating unique, high-quality materials that feature high functionality so that they exceed our customers' expectations, and providing these materials at mass manufacturing levels at our plants. In other words, by building up a track record of collaborative creation. Through repetitive collaborative creation with customers who are in leading positions in a wide range of industries, I believe that we have been accumulating strengths while continuing to help solve the issues faced by more customers.

Q:From what technologies or other factors will you derive the source for fulfilling your mission to make the best quality available to everyone?

I believe our mission to make the best quality available to everyone is underpinned by our structural and compositional control technologies centered on metals and our strong relationships with a wide range of customers. Even with the same metal composition, it is possible to

create materials that possess the desired advanced properties by controlling to a high degree their structure and composition, such as by making the metal structure extremely fine while minimizing the number of impurities. In the course of our more than 100-year history, we have accumulated knowledge about metal structure and composition control technology, from R&D to mass manufacturing.

With this metal structure and composition control technology as our core strength, we have been acquiring new knowledge and advanced technologies in response to new challenges from our customers by repeating the cycle of proposing and developing optimal materials and commencing their mass manufacture. This repetition causes the relationships with our customers to deepen and provides us with opportunities to develop next-generation materials and take on challenges in new markets. The barriers to market entry are high for highly original, next-generation products that are ahead of their time, but by spiraling up while mutually interacting those two factors—our metal-based structure and composition control technology and strong relationships with customers—it will be possible to materialize them for the first time.

Q:What role does the Manufacturing & Engineering Division play?

In a form that links the functions of the highly competitive technologies and manufacturing capabilities that each business possesses, the role of the Manufacturing &

Engineering Division is to optimize and standardize that stock of knowledge on a global scale. At the same time, our providing individual projects undertaken by each base with back-up support from the corporate side leads to the realization of best practices.

Previously, the Technology Development Division was in charge of R&D and manufacturing technologies. Recently, the R&D functions and the manufacturing technology development functions have been reorganized into the R&D Division and Manufacturing & Engineering Division, respectively. The latter will work together with each business division and the R&D Division while realizing our mission to make the best quality available to everyone. I take pride in the fact that the Company's products have a competitive edge in terms of their high functionality and quality. However, manufacturers armed with the weapon of low prices are emerging in areas where advanced functions are not required to such a great extent. Thus, it is necessary for us to further improve our mass manufacturing through productivity improvements while maintaining our advanced functions and high quality.

As a group of experts, the Manufacturing & Engineering Division leads each business division in all areas related to manufacturing, such as ensuring safety, improving production technologies, enhancing efficiency, and initiatives for the environment, while optimizing the manufacturing of the Group on a global scale. On a different level, I am always telling Manufacturing & Engineering Division members that we must remain the ultimate supporters of our business divisions and plants. When a frontline workplace encounters difficulties, we provide full support with a high degree of expertise, but the main role of manufacturing is that of the site alone, and we are aiming to enable sites to operate autonomously. Also, to remain their ultimate supporter, I tell members that it is important to make a habit of visiting frontline sites in person.

The Manufacturing & Engineering Division comprises departments responsible for the promotion of innovation in manufacturing, safety, the environment, and investment. While cherishing the image of working hard on the factory floor, which the word monozukuri (manufacturing) evokes, we also gave consideration to manufacturing in its broader sense, which includes everything related to manufacturing inside a plant, such as equipment and human resources, and the entire supply chain outside a plant. We wanted to be an organization that covers the full gamut of manufacturing, so we took the name Manufacturing & Engineering Division.

Q:What initiatives is the Manufacturing & Engineering Division currently advancing and what is its future direction?

At the present time, we are initiating steps to create a mechanism called the Proterial Operating System. This is a mechanism designed to ascertain and confirm the situation in which each plant is placed and the direction that they should ideally be taking, and to take action to improve the

issues faced by each site by means of standardized procedures. First of all, we are making headway with organizing the KPIs and other factors that should be ascertained. Safety is the top priority in manufacturing. SQDC KPIs, which besides safety include quality, delivery, and cost are also important. In addition, continuous improvement and investment are required in terms of human resources, equipment, and even the environment. By means of the Proterial Operating System, we will build a management mechanism that will link the KPIs required for on-site self-management with the KPIs required from a management perspective, such as return on investment and cash flow. At the same time, we are aiming to create a mechanism that enables both management and improvement to work smoothly by incorporating a system for implementing improvement activities to address the issues that are besetting each plant. Also, by implementing PDCA cycles for improvements at each site, I would like to bring about evolution in efficient manufacturing while contributing to improvements in corporate value by promoting the creation of social value, such as strengthening our cost competitiveness and reducing our environmental impact.

As we are a new organization, the challenge will be to secure sufficient human resources for both this division and the sides responsible for manufacturing technologies in each business division. As decarbonization becomes an urgent issue on a global scale, environmental measures and related capital investment will also have to be implemented at appropriate times, not from short-term perspectives but looking five or even 10 years hence. Based on such financial and cost perspectives, we will prioritize the issues faced by each business division and fulfill our mission to make the best quality available to everyone through appropriate resource allocation and manufacturing technologies.

