

# *Leading Fastener Suppliers' Industry Reviews & Prospects*

arranged by Fastener World Inc.





Many professionals from the global fastener industry have been used to reading our latest interview with leading fastener companies in every Nov. issue of Fastener World Magazine and trying to evaluate their own annual results and grasping the potential opportunities in the next year. Different from the flourishing market in the previous year, the fastener market in 2015 was greatly influenced by the currency exchange rates, stock markets, raw material prices, etc. How will leading companies do to deal with the issues? This year we are pleased to invite the following guests to share with us their reviews of operations and prospects to the global fastener market:

**Tong Heer Fasteners, the international stainless steel fastener manufacturing group**

- Spokeswoman Wen-Ling Ko

**Critical automotive fastener manufacturer Sumeeko Industrial Co., Ltd.**

- President Mr. Alex Chen

**A German Based Specialist and Manufacturer of Fastening Solutions - Eurotec**

- CEO Markus Rensburg

**Japanese fastener distribution giant Kobayashi Metals Limited**

- President Mr. Higaki Toshiyuki

**Precious metal fastener developer Maruemu Works Co., Ltd.**

- President Mr. Matsumoto Osamu

**Shi-Ho Screw Industrial Co., Ltd. (Japanese Nitto Seiko Co. Ltd's Branch in Taiwan)**

- General manager Mr. Murayama Ikuo





# Interview with Spokesperson Wen-Ling Ko of Tong Heer Fasteners

TONG Group is well known for manufacturing stainless steel fasteners, and its business following the group's continuous strategies has been successfully done and expanded to many areas around the world. Its affiliated enterprises include Winlink Fastener (Taiwan), Tong Ming (China), Tong Heer Fasteners (Malaysia), and Tong Heer Fasteners (Thailand), all of which are independently operated and publicly traded. Ms. Wen-Ling Ko, president of Winlink Fastener and the spokesperson of TONG Group, shares with us the Group's operation network and market analyses.

**Q.** Tong Heer has been through many challenges and created several high peaks in its operation since its founding in 1989 in Malaysia. Would you talk about the brief history, mission statement, and management strategy of TONG Group?

In 1990s it was time for us to expand factories to satisfy more demand, and while considering the location, industrial environment, and low-birth rate of Taiwan, we thought that the labor force would definitely be one of the factors influencing fastener manufacturing. In order to correspond with the government's "Going Southward" policy at that time, Tong Heer was lucky to have a chance to get to know Thailand, Indonesia, and Malaysia. According to its evaluation, Penang (Malaysia) was then a city where the number of residents with Chinese origin was the highest. In a commercial visit to the local market, Tong Heer's President and Vice President were surprised to find that an Indian taxi driver could even communicate with them in Mandarin Chinese and some Minnan dialect, so they immediately determined to set up their operations in Malaysia, because language, culture, and labor force are all critical elements for setting up overseas operations. In Malaysia, Tong Heer does not have to worry about the language issue and its employees don't even need to learn in Chinese, Minnan, Malaysian, and English. Compared to other neighboring countries, Malaysian political and economic development is stable.

Tong Heer does not focus on the domestic Malaysian market but its favorable export policies. With the continuous national development, though the labor cost is not the advantage



of Malaysia, Malaysian government has quite open and diverse regulations for labors from foreign countries, such as Bangladesh and Cambodia, making Malaysia the best manufacturing base for Tong Heer.

**Q.** What is Tong Heer's Marketing Strategy?

After Tong Heer set up its Malaysian factory in 1989, it again set up the 2nd oversea manufacturing factory in Thailand in 2004 with new production lines and target markets. Now it has had two factories in Thailand. Our marketing strategy is very simple. Considering that there are different favorable export duties in different countries, we will determine our export markets based on our targets, which is a very important condition we use to select the manufacturing base. For example, Tong Heer Fasteners (Malaysia) focuses on Europe and Northeastern Asia, while Tong Heer (Thailand) focuses on European and U.S. markets.

**Q.** Tong Heer was once awarded "the Most Valuable Stock in the Industrial Market" and established Tong Heer Aluminum after reporting years of good results. Can you talk about the entities and operations of the Group? The Group's annual production? The turnover in most recent years?

Tong Heer was awarded due to its high currency and net worth ratios as well as a low loan ratio, and a well-organized financial system. Tong Heer Aluminum is an aluminum extrusion and framework company we acquired in Malaysia with over 50% ownership of its stocks. This company is managed by the original team and it did perform well in terms of profit. Either Tong Heer



Fasteners (Malaysia) or Tong Heer Fasteners (Thailand) has the annual production of 20-30 thousand tons and the combined turnover of two factories remains at a NTD 6 billion level.

**Q. Tong Heer's stainless steel screws/nuts can be used in various areas. How can the company control the quality and prices of products at a time and strengthen the sales?**

As the world's largest stainless steel fasteners provider, we adopt the strategy of group decision and mutual purchasing of stainless steel wire, which is not only favorable to keeping our cost within a certain level as well as controlling the quality. On the other hand, hiring from local markets is also favorable to the localization of Tong Heer. With more and more well-trained staff in the company, its Malaysian factory can accept orders for high-end products and its Thai factory accepts orders for general products in bulky volumes. Such product range and market segmentation are good for the Group to expand and deploy in the stainless steel fasteners market.

As there still exist many uncertainties around the world, Tong Heer expects to utilize its current advantages to maintain its market share. One of the most important points is, endless competition will sometimes weaken our advantage. Tong Heer is characteristic of its harmonious way of competition and making its customers opt for their own partners.

**Q. What factor do you think is the most important for stabilizing a company's operation?**

"Employee" is the most important factor for stabilizing a company's operation. The company owner has the right and commitment to determine what the next step is. However, if a company would like to go steadily forward, most of the time it must rely on the devotion and efforts of employees. The company has to provide employees with a sense of safety, so the employees will be willing to fight for their company, which is more meaningful and powerful than the president or general manager fighting for his company alone.

I currently read a book "Trust" by Francis Fukuyama, which emphasizes the importance of trust. I think every action has



to rely on trust, otherwise, no great business can be achieved. In terms of today's process of succession, one who cares only about himself won't be the selected anymore. Instead, only the combination of talents from various areas can help a company achieve the best result of sustainable operation.

**Q. What is Tong Heer's expectations and plans to the future? How will it make the most of capital and talents?**

There will not be oversupply of stainless steel products in the future and the supply will definitely continue to grow. We are planning to set up our 3rd operation in Asia and hopefully the construction can be finished within 3 years. Any investment and market deployment of Tong Heer is done with the aim of sustainable operation. Accordingly, we are always discreet in the evaluation of manufacturing bases, advantages in the market, and even the re-investment of factories and expect to complete the market deployment before the demand appears.

Meanwhile, "employees" is a very critical cost for the survival of Tong Heer, as what we are thinking is, how we can create the value for the company as business runners, and this value is not to use lower cost to create conditions for a company's survival. I think this is very important, but many companies oftentimes neglect it.

**Q. What has been the key factor for your company to enter the supply chain in recent years?**

It is not only about being the first one, most of the time it is about how you can become one that your competitors cannot defeat. Fasteners are general but sophisticated products. When others could not do it, we did it. Of course, the acquisition of the above mentioned "corporate culture" and "raw materials (stainless steel)" is quite important. What is "sophisticated"? To be concrete, it means that we can evaluate and adjust our future orders and get the most useful data analysis for ourselves and customers based on the profit structure of every order. I think, many companies may know whether an order is profitable or not, but they may not know why it is profitable or not.

**Q. How do you see the competitive edge and potential of the global fastener market? If you are asked to select the most valuable emerging market or industry for future development, what will you select and why?**

The growth in Asia compared to others around the world is still very significant and its labors are comparatively young. Indonesia and Cambodia, for example, both show potential for development.



**Q. How do you see the fastener market in 2015 and the development of the global stainless steel fasteners industry in 2016?**

For Tong Heer, it is hard to say which year is profitable, as since the founding of Tong Heer, it has been continuously and steadily growing. Looking to the future, stainless steel products are very likely to replace carbon steel products, so stainless steel fasteners continue to maintain a 3% annual growth and Tong Heer's goal is to continuously maintain its role as the largest provider in the market and provide the best service.

**Q. In the future supply/demand market, who do you expect to cooperate with? Do you have any suggestion for your cooperative companies?**

Having the same perception as other century-old European/U.S. companies, Tong Heer thinks that cooperative partners have their own value and we care about them very much and hope that they can treat us in the same way. To say it simply, we welcome partners caring about sustainable operation to cooperate with us. I once calculated the value of "trust" and found that it was just the differences among many same products customers tried to compare before they finally determined which one to cooperate with (as they knew such differences could help them keep the orders).

**Q. Is there anything else for the fastener industry you would like to say?**

Taiwanese fastener industry has demonstrated a significant progress in recent years. They started to focus on different markets for creating their own value. For example, Sumeeko, San Shing, and Boltun are all excellent companies. Currently we see Taiwanese large companies are playing their roles really well; medium-size companies are also trying to be small and exquisite; however, small-size fastener companies still cannot seem to find their own positions in the market. As a result, I suggest that small-size fastener companies should be more flexible and try to cooperate with other medium/large-size companies, after that, there may be better development for them.



# Interview with President Alex Chen of Sumeeko Industrial Co., Ltd.

## Q. Please tell us about the brief history and mission statement of Sumeeko?

When I was 26, I was hired by San Shing Hardware (the largest steel nut manufacturer in Taiwan at that time, now "San Shing Fastech") to work for its IT division, where I successfully led San Shing to become the first Taiwanese fastener company using computerized management. Within a year I was again promoted to be the president of a new subsidiary Wingtone Industrial Co., Ltd., founded by San Shing, responsible for roller chains business.

3 years later (1982), my parent company San Shing faced a difficult financial situation, so I was required to take the president position in the forming division of the parent company with a goal of stabilizing the company's operation. In 1985, I was moved to be the president of "Yao Kan Enterprise (out of business)", which was co-founded by San Shing and Tong Guang in correspondence with the "Big Traders" policy of Taiwanese government for order sharing to avoid destructive competition. However, the uneven interest distribution finally resulted in discord in the board of directors. I left Yao Kan Enterprise thereafter in 1988 and left San Shing.

In the same year when Sumeeko was founded, I was wondering what I could do and had a thought that there were still a lot of aspects in the fastener industry to be discovered and I shouldn't be a competitor to my previous company, so the main goal of Sumeeko was set to be "providing solutions and manufacturing specialty products". The focus on "quality over production" and "calculating the defective rate at ppm rather than at %" both helped link Sumeeko to an image of good quality.

## Q. Why did you start business from the automotive fasteners area? How did you find a way to cooperate with leading car manufacturers?



In terms of the current ideas of "Red Ocean" and "Blue Ocean", Taiwanese fastener industry before 2000 basically focused on "volume", so being in the period, Sumeeko proud of its quality should try hard to stay away from the competition of the "Red Ocean" and be in the competition of "Blue Ocean". This is why the automotive industry with higher quality requirement soon became Sumeeko's first target.

In fact, before Sumeeko gained the first order from a car manufacturer, it had done lots of efforts in re-adjusting its quality control, financial management, staff deployment, and marketing strategy systems (especially the financial management). Sumeeko is always conservative in its financial manipulation and will only invest in a debt-free way. For car manufacturers, this can help them reduce the risk of long-term supply to the lowest level.

We received GM's first order in 2008. Now we are not only a T1 supplier for GM and Chrysler, but also a T2 supplier for Ford, Honda, Toyota, Nissan, Benz, BMW, etc. What's worth mentioning is that Sumeeko has been awarded GM Supplier Quality Excellence Award for the 3rd straight year. I think that this also means Sumeeko's quality has been widely recognized in the automotive industry. At the same time, we are also very happy that our products are also well received in Taiwan. Our current cooperation with a globally leading electric vehicles maker resulted mainly from the cooperation with GM, which in U.S. market has been well known for its high quality for many years.

## Q. How does President Chen feel about the success of business? The expectation and future plans for Sumeeko? How will the company make the most of its capital and talents?

A good factory site is really hard to locate and the return on investment cannot be always cost-effective. In spite of this fact, Sumeeko did luckily find a 9,917 sq. meters ready-for-use plants on a 16,528 sq. meters land in Pingtung Export Processing Zone, saving 6/7 of the expected total cost, all of which would later reflect on the future production cost of Sumeeko and the factory



will become an important manufacturing site for continuous development.

**Q. How do you think the fastener industry should do to face the “lightweight” challenge (incl. selection, R&D, inspection, assembly, and use of materials) and how should it cooperate with car manufacturers?**

“Structure” and “materials” are two major areas in terms of lightweight. For example, we can select better materials to enhance the strength and satisfy the lightweight demand with light metal and composite materials. This is always what Sumeko is doing in cooperation with car manufacturers and these two major areas are being done simultaneously.

I think this is also the most valuable and competitive part of Taiwanese fastener manufacturers. Taiwan may not be the best in material technology, but its use of materials has reached to international standards. Following this statement, we even think that the production cost of China is higher than that of Taiwan, though materials in China are cheaper, but the cost of manufacturing high quality fasteners can be also influenced by other factors. As a result, Taiwanese products should be still quite competitive.

**Q. What is Sumeko’s marketing strategy? What is the key factor for you to enter the supply chain?**

The important factor of marketing is “quality”. If the product is good, customers will come for you. For an export-oriented company, shipping products to where customers really need is quite natural, so wherever a car manufacturer’s plant is, products can be shipped there at all times. Sumeko even has its own warehouses in many areas around the world. The concept of global service is primary for the company to be more international.

**Q. What is your opinion about the fastener market in 2015? What do you think the fastener industry will be in 2016? Any new challenge in 2016? How will you adjust your production, sales, and marketing focus? Future investment and scale?**

As of the end of Sep. this year, Sumeko still reported growth. When the recession appears, customers will always reduce their budgets and releases inventory; as a result, companies focusing on mass production will suffer the greatest influence. However, the demand still exists. In a recessional period, companies focusing on specialty products can still receive stable orders. For example, Sumeko still received 3 orders for considerable quantities this year.

“The global supply system” is Sumeko’s most significant feature. We have warehouses in USA, Europe, Japan, Taiwan, and China. This year we will continue to reinforce our supply in



various markets.

**Q. In terms of fastener export, how do you think the fastener companies in different scales should cooperate with each other to maintain the competitive edge of Taiwanese fastener industry? Is it feasible to do with merger and acquisition?**

Taiwanese fastener industry is undoubtedly competitive; however, I must say that, instead of M&A and other kinds of cooperative ways, Taiwanese industry is characteristic of the fact that everyone wants to be the leader and can hardly accept being led by others. This is also the reason why “Yao Kan Enterprise” became out of business.

If everyone in the Taiwanese industry can accept to be led by experts or leading companies in certain areas and make the most of resources, I believe the entire industry will become better. We should not use competition to replace others, as the integration of the industry is beneficial to keep talents in the industry and the loss of talents will to some extent cause damage to a company.

**Q. What do you think is the most important factor to maintain the sustainable operation of a company?**

The “Sume” in our name “Sumeko” means “clarity” in Japanese and the “clarity” has a meaning similar to the “honesty” in Chinese. Sumeko hopes to become a company that treats customers with honesty and that shows truthful interaction among all its staff, which will consolidate our relationship with customers.

I think that “clarity” and “honesty” are not only the elements for a company, but also what a person should have. I do not seek “sustainability” on purpose. To be honest, I don’t care about what will happen in a hundred years, but I do care about how we can do the best right now and share interests with



the staff and shareholders. In the future, this company will be handed over to professional managers and how to keep the talents in the industry generation by generation will also become the foundation for Sumeeko's sustainability.

**Q. Who do you want to cooperate with in the future supply/demand market? Any suggestion for them?**

No matter if it is a car manufacturer or an OEM, as long as it cares about quality, Sumeeko will be its good partner, as we are a company that provides quality solutions and specialty fasteners.

**Q. Do you have anything else to say about the fastener industry?**

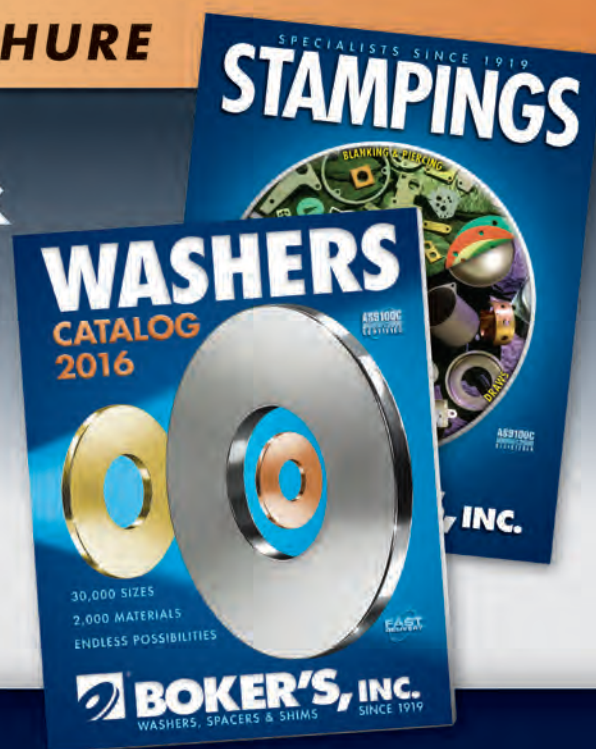
The shutdown of many large importers in recent years did harm many Taiwanese fastener companies a lot. I think the industry should establish a "Company Reputation Alert System" to reduce the risk in trade. On the other hand, recruiting talents from other corporations and moving from one firm to another are common reasons that affect the industrial development. But we all believe that company owners will not put these persons moving from another firms in important positions as the trust is not well built between them. However, if the staff can be from a well-established pre-work training program provided by the government or school, or even get the certificates that can help gain benefits from the employer, they will be all good ways to do. Third, the upgrade of materials is another one that needs improvement, as the competitive edge of Taiwanese fastener industry is sometimes affected by the lack of high-end materials. The last point is, Taiwan is very good at manufacturing. Sometimes when we produce a very good product, but is not allowed to be exported to a certain market due to tariff barriers. That will be really frustrating. As a result, the government is responsible for keeping the trade approaches open and should also make its nationals to broaden their horizons.

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# Interview with Eurotec - A German Based Specialist and Manufacturer of Fastening Solutions

**Q.** Please briefly talk about the company history, core business & service range, and current main product categories.

Over its short 16-year history, Eurotec GmbH has already become a permanent fixture in the fastening technology sector. Eurotec has made its mission to develop products that offer the maximum benefit and innovative lead for the professional user. At the same time, the company also realises customer-specific products on an ongoing basis in close collaboration with customers. The core product range consists of screws and fastening systems for the construction materials wood and concrete, as well as high-quality substructures and fastening systems for deck construction. In this regard, it is a declared company philosophy to focus not on the price but on the quality of the products. Our excellent price-performance ratio is confirmed by a constantly growing customer base consisting of more than 4,000 dealers worldwide. Eurotec GmbH's high quality standard is underlined by numerous building-authority and European technical approvals for all products in the core range. Intensive product advice and the provision of information and product training are also a firm part of Eurotec's everyday work and are highly valued by its customers.

**Q.** How could the company turn into the current medium-size scale within only 16 years? What is the reason for this success?

The company began its life in a small basement with 50 pallet bays served as a warehouse. Now it has a new warehouse, providing a further 7,500 pallet bays with offices upstairs. In 2012, the company decided to take the next important step. The cornerstone was laid for the production hall, paving the way for



in-house production. Since 7 January 2013, the company has been producing a selected part of the wood construction screw range on its first machine in its own production hall in Hagen. So, the end is still not in sight. This healthy and slow growth was made possible by an economized management. All expansions were realized by Eurotec's own efforts.

**Q.** Why did Eurotec choose to start business from the construction products area? What is the current application and future trend of these products in the market?

The construction industry is one of worldwide most reliable and constant business fields. Everywhere and everyday people construct or renovate something. If you look at current statistics the construction output only in Germany are 143 billion USD in 2015 until now. So by today Eurotec offers products for many fields in this big industry starting in the field of traditional timber construction, fastening solutions for concrete, landscaping and deck construction, roofing, cladding and many more. In the future Eurotec will further improve the current portfolio and expand its product range to new fields of application.

**Q.** How do you define the role of Eurotec in the fastener industry? Compared to other bigger multinational companies, what is Eurotec's advantage and how does Eurotec establish its own global distribution network?

Eurotec has become a constant in the fastening industry and has established a worldwide distribution and customer network. Eurotec is a well-established player in the European construction industry and has expanded its global business to the United States, Near, Middle and Far East up to New Zealand and Australia. Over the next years Eurotec will increase its export business and is seeking to become a worldwide supplier for high quality fastening solutions. This network is being established by starting cooperation with well-known local partners in the individual countries and adapting parts of Eurotec's portfolio to the local requirements. The clear advantage of Eurotec is the short reaction and lead times, as well as the outstanding flexibility in creating individual customer specific solutions.



**Q. Over the past two years, how did Eurotec play its role as a distributor and manufacturer? What are the current percentages of fastener distribution and production in Eurotec's business?**

Eurotec has expanded its competencies from the simple field of distribution up to a wide range of various production techniques. As we are now able to refer back to a wealth of experience stretching back many years, as well as an extensive technical expertise, partly because in the past, we have successfully realized numerous projects in close cooperation with our customers. By today Eurotec can offer products made by cold forming, plastic injection-moulding, stamping and stamb-bending or even extrusion processes. Since January 2013, the company has been manufacturing a selected part of the wood construction screw range on its first machine in Hagen. In April 2015, this equipment was supplemented with a second machine. Since then, Eurotec has been able to carry out in-house production of screws with diameters of 6 to 10 mm and a length of up to 1 metre. A third machine is already in development and is expected to enter operation later in 2015, further increasing the range of screws that are manufactured in Germany.

**Q. European fastener users care about quality very much, in this regard, what does Eurotec do to earn customers' trust and recognition? In addition to Europe, what is the current market deployment and sales of Eurotec in other markets?**

Eurotec's focus is on the [further] development of fastening technology that provides users with the greatest number of advantages. We develop fasteners that satisfy our customers' requirements and have the highest possible quality standard. Approvals from the building supervisory authorities for all products in our core range and a series of registered industrial property rights in Germany to protect unique product innovations underline Eurotec's quality level. Our customers are extremely interested in our intensive product advice,

the information that we provide as well as product training, so that our company has become firmly established in the domestic market and to a great extent in the international market as well.

**Q. What is Euroec's point of view about the current and future European and global fastener market? Do you see any trend and challenge that may influence Eurotec in the future?**

The complete fastener market is demanding higher standards concerning economic aspects, durability, sustainability and last but not least quality. These requirements are fully according to our paradigms and approaches. We seek to publish more and more the benefits of quality produced in Europe and especially here in Germany. The price structure of our products is fitting the market demands and is suitable and more than fair for the quality standards and benefits we offer. In the future we see ourselves more and more confronted with individual and customer specific solutions which will force us to add new technologies and production techniques to our production facilities. And we are sure that we are well prepared for these challenges.

**Q. Does Eurotec have any plan to further strengthen its image as "The specialist for fastening technology"?**

As mentioned above, we will definitely expand our export business and enhance our current high quality standards even more in the future. We will strengthen our image brand by developing new global markets and show that our solutions are suitable for any kind of environment and challenge. Even today our products are used in all thinkable climate zones and we can look proudly on a wide range of experience we made with our current customer base. We will expand our activities at global major trade shows in all parts of the world from North to South America and all regions in the Middle East and Asia Pacific.

**Q. Is there anything else you would like to share with the fastener industry?**

Everybody who had not the chance to make any experience with our products by today is highly invited to visit us on one of the many trade shows all over the world we will exhibit in 2016. Please visit our homepage [www.e-u-r-o-tec.de](http://www.e-u-r-o-tec.de) to keep up to date on current product and company news. Our Team is looking forward to meet you.



# Interview with Japanese Fastener Distribution Giant Kobayashi Metals



**Q.** First, please tell us about your company history, business scope, and main products.

A: Our company was established in 1926 and has been celebrating our 89th anniversary this year. We can offer all sorts of screws and the large construction bolts are especially our most competitive product range. We are a specialized screw distributor headquartered in Osaka, with 14 operations across Japan. We have 10 warehouses in Japan and other similar ones in China. Our business also includes import and export. We import mainly from China and its surrounding Asian countries.

**Q.** How do position your company in the fastener industry? What are the advantages of your company?

We are the only fastener distributor in the Japanese fastener industry being publicly traded in the market. We have the highest sales volume, inventory, number of operations, and highly specialized sales teams. In addition, we, as the benchmark for the industry, lead the industry by being the first to start import in great volumes, and therefore we could establish our market position with the turnover of more than JPY 20 billion.

Now we target further growth and hope to carry out our growth strategy through more investments in logistics, IT, and personnel recruitment/training.

**Q.** Your company not only imports and exports bolts, but also develops bolts with high tensile strength. Would you tell us why your company as a distributor started to step into the R&D of products? What is your company's vision in the R&D field?

We did not intentionally step into the R&D field. As a distributor, we earnestly and sincerely want to respond to customers' needs, so we naturally and gradually entered the R&D of products. Although we do not have future plans for further R&D, our R&D activities will continue as long as our customers require. On the other hand, as an industry leader, we think that R&D of bolts with high tensile strength will later become a criteria for evaluating a company and the development of this kind of products will definitely bring benefits.

**Q.** To a fastener distributor, inventory management is indispensable. What do you think is required for a successful management system?

To a distributor, a well-managed inventory flow can determine if a distributor can survive. On the other hand, the success must always depend upon satisfying customers with proper solutions and continuous update of the management system. We also often re-examine our current development and repeatedly make improvements.

**Q.** As a distributor, is your company optimistic about the Japanese fastener industry this year and next year?

Influenced by a sharp decline in the total number of public projects, the demand in civic engineering and construction also started to decrease starting from the first half of the previous year, resulting in sales and selling price drops and low order intake. However, for the next year with increasing number of projects such as construction for Tokyo Olympics 2020, infrastructure, large re-development projects in Tokyo and Nagoya, extension of Hokkaido and Hokuriku High Speed Railways, central



high speed railway, and post-earthquake reconstruction, we expect the industrial performance will later turn really well.

**Q. As a player in the fastener industry, what is your thought about the succession of the next generation?**

The problem of talent shortage is not only limited to the Japanese fastener industry, whereas it is a national issue. (This issue is particularly serious in the manufacturing industry). Under such circumstances, we think that the joining of females can influence corporate competitiveness. Therefore, we started to establish a working environment enabling females to do creative jobs in the long term. We have created managerial jobs for females this year (though a little bit late) and we also have revised the work regulations regarding maternity leave and working hours.

**Q. What are your company's target customers, markets, industries and regions? As you have an office in Shanghai for purchasing, do you have future plans to invest and expand sales activities abroad? Which type of customer are you looking for?**

We still focus our sales on the domestic Japanese market. We believe that there is still room for development in Japan. In order to further get involved in the regional economy, it is necessary to increase our operations. On the other hand, given the fluctuations in exchange rates, we might consider re-activating our export activities which we once did before. We are now ready and can start our export immediately.



In terms of customers and the further downstream screw distributors (the so-called secondary distributors), quick response to end users has become more and more important. For the time being, we focus our trading on items with the highest circulation in the market, but in order to satisfy the demand of end users, we have to include more types of screws and special products in stock, and this is the same case in terms of imported products. Therefore, we have set up a warehouse in China.

**Q. Is there anything else you would like to share with our readers?**

We are not only increasing our product range but are also increasing our trading volume (particularly the import from China). This year we have set up a warehouse in China and started to increase our inventory stock. Our next step is to actively develop customers in order to build more overseas partners' loyalty to us.



# Interview with Japanese Precious Metal Fastener Developer Maruemu Works



## Q. First, please tell us about your company history, business scope, and main products.

- 1927: Established in Itachibori of Western Osaka and started business with the production of cotter pins and iron screws.
- 1951: Re-structured as a limited company.
- 1957: Started mass -production of stainless steel screws in Japan for the first time.
- 2003: Started mass -production of Magnesium alloy screws in Japan for the first time.
- Business Scope (Main Products):

Manufacturing:Stainless steel screws. Engineering plastic products, cold forged precision parts, medical device (orthodontics wire), molds and tools.

Trading: Sales of various industrial fasteners in stock.

## Q. How do you position yourself in the fastener industry? What are the features and advantages of your company?

Japan's fastener production value was JPY 844,090 million in 2014, 5% of which was estimated to be contributed by stainless steel fasteners. It is estimated that our turnover roughly represents 10% of the market share in Japan.

In early 1970s when the use of stainless steel screws in aluminum window frames in the building industry continued to increase , our annual turnover grew from more than JPY 1 billion to 4 billion (in about 2000). After then, we expanded our business to new markets (e.g., solar energy, automobiles, etc.), and increased our sales with screws made of new materials, bringing our turnover to JPY 5.45 billion in the fiscal year ended Feb. 2015.

We not only regard the supply of screws as our responsibility, but also function as a "consultant" for solving customers' problems. We provide solutions (as our soft power) in anticipation of winning customers' loyalty to us.

## Q. What is your company's technical strength? What is the reason that made you invest in the R&D of medical products, metal screws with glass material inside, and Magnesium alloy screws? What is your goal and belief?

Mold design (precision processing) technology/ Product design (numerical analysis) technology/ Product evaluation (various inspection and analysis machines)/ R&D technology for production equipment/ Surface treatment (modification) technology, etc. We continue to invest in our facilities and R&D talents with our awareness in establishing a more well-established corporate system.

Our growth strategy is to be the first company in Japan using highly cost-effective and high quality production methods to make and export medical related screws in new materials that are essential to the 21st century. We hope to directly manufacture and export these products instead of importing them from other countries.

## Q. What is the current R&D trend of the Japanese fastener industry (e.g., low cost, new material, etc.)? What is the next R&D trend for the overall fastener industry of Japan? (e.g., aerospace screws, medical screws, etc.)

The Japanese fastener industry continues to face difficult challenges, such as "relocation of manufacturing bases to overseas countries", "customers turning to purchase



from local suppliers”, sluggish growth in domestic consumption, surging electricity price, and increasing material costs driven by exchange rates.

The Japanese fastener industry will continue to focus on the R&D and production of new fasteners, especially in the field for medical treatment, next generation of cars, and energy saving.

**Q. Are you optimistic about the Japanese fastener industry this year and next year?**

The industrial performance looks the same as the current status of Japanese economy. Development in this last April-June was in negative growth. We do not expect to see substantial growth or significant recovery for the second half of this year.

However, starting in 2016 the demand for reconstruction of the Great East Japan Earthquake and the building projects for Tokyo Olympics (2020) will definitely make the industry busy again!

**Q. Your company has not only obtained ISO and JIS certificates but also received many awards. What is your next target for certification or industrial honor?**

In order to sell products (medical products, etc.) abroad, our strategy will be to obtain other certificates (e.g., the European CE marking, etc.) for expanding our sales network worldwide.

**Q. What is your target customer, market, industry and region? Do you have plans to invest and expand sales activities abroad? What type of partner and customer are you looking for?**

Current status: Housing and construction (40%), automotive/marine (20%), environment and industrial equipment (13%), household appliance/electronics (7%), medical and welfare (3%), railway (2%), power (2%), solar energy (2%), corrosion resistance (1%), Others (10%).

Future: to develop new customers in new growing markets such as automobile, environment, healthcare, energy, and corrosion resistance.

For example, we will keep developing new customers related to growth products such as “anti-theft camera”, “household battery”, and “robots attendant”.

Before the advent of Tokyo Olympics (2020), the disaster area in northeastern Japan will be our current target for active sales expansion in response to the post-earthquake reconstruction.

**Q. Is there anything else you would like to share with our readers?**

All of our company members are aware of our responsibility as a “supporting industry” supplying screws and fastening parts to the whole sector. In the future we will do our best contributing to the prosperity of clients and the development of the industry!

Let’s work together to develop the most revolutionary new screws that can take the lead in the 21st century!

Establishing a well-connected partnership and relationship with customers!



# Interview with Shi-Ho Screw Industrial



## Q. First, please tell us about your company history, business scope, and main products.

This year is our 46th anniversary. In September 1969, Nitto Seiko Co Ltd ("Nitto Seiko") in Japan merged with Hotai Development Co., Ltd. in Taiwan, giving birth to us. A decade after our inception, we moved to the coastal industrial zone and in the meantime changed the company name from "Taiwan Nitto Seiko Co., Ltd." to "Shi-Ho Screw Industrial Co., Ltd." With this background and opportunity, we operated really smoothly and well with the development of Taiwanese economy and the ASEAN market.

In terms of our business scope, we make/sell forged parts (mainly screws), and import/sell labor-saving screw fastening device and inspection device produced by Nitto Seiko, and also provide "fastening solutions".

## Q. How do you position yourself in the fastener industry? What are the features and advantages of your company?

As a Japanese screw manufacturing company, we entered the overseas markets at the early stage. We gained growth not only in Taiwan but also in China and ASEAN, and thus at our peak time we reached a monthly capacity of 650 million pieces.

After that, Nitto Seiko set up local subsidiaries respectively in Indonesia/Thailand/Malaysia/China, increased the volume and speed of supply, corresponded to the new era and supplied to the world, and reacted to the global change.

Our feature is that we realize Japanese quality on Taiwanese products. Up to now we have been focusing on providing our full sales service to Japanese customers. We

are advantageous in providing comprehensive Japanese quality including manufacturing technique, quality control, and service. The next important thing is lead time. Taiwan has relatively smaller population with its manufacturing sector relocating to overseas countries (mainly China), and thus the reduction in industrial activities is more serious than of Japan. Consequently, 85% of our transactions are for overseas countries, and we are advantageous in our speedy service as if the customers do not even sense the existence of logistics and lead time.

## Q. Would you tell us the market condition and performance of your company's automatic assembly device, flowmeter, and special screws? What is your company's future goal?

We make relatively small screws (below 6mm) applied to clock, smart phone, and camera markets, as well as to markets of large-size products such as automobiles, receiving market acclaim. These markets are growing with the world's increasing population.

As to the field of labor-saving device (such as automatic assembly device), judging from the increasing personnel expense and working safety, we think this field will be a very potential market in the future.

Additionally, we think the market attention will break into two distinctive and separate aspects: function and price. We will continue to increase customer satisfaction by proposing and developing function-oriented products. In order to provide service to all customers in the world (that is, not restricted to Japanese customers), we are strengthening our business model so that it can support not only Chinese and Japanese customers but also those from the UK, France, and Germany.



**Q** What is the current R&D trend of the Japanese fastener industry (e.g., low cost, new material, etc.)? What is the next R&D trend for the overall fastener industry of Japan? (e.g., aerospace screws, medical screws, etc.)

We will strive for reaching the following 4 goals including: (1) High functionality & performance; (2) Smaller and lighter; (3) Comfort & safety; (4) Health & aging problem. We will react to the above-mentioned issues and work hard to make new proposals for new materials, new technical methods, and new business types. As the development periods for two countries are different, Taiwan has its own R&D trend different from Japan, whereas in the past the R&D trend and goal of both countries were almost the same. Since Taiwan and Japan are not rich in natural resources, both countries have to compete to survive with their wisdom. If both countries do not develop products demanded by the market ahead of other countries, they will not be able to grasp market opportunities.

**Q** Are you optimistic about the Japanese fastener industry this year and next year?

We cannot say that the industrial performance is good this year. Due to the slowdown of China's industrial performance, the overall Japanese industry is entering the readjustment of production. Furthermore, excluding partial regions like America, the global industry is stagnant and thus we cannot say that it is performing well. We think this situation will continue until the first half of the next year.

**Q** Your company not only have acquired ISO certificate and SONY's green partner certificate, but is also among the ranking of large corporations in Taiwan. What is your next target for certification or industrial honor?

We have acquired ISO14001, ISO9001, and OHSAS18001 certificates, and increased transaction volumes through satisfying the quality requirements of customers from various companies. In the upcoming 2016 we also plan to acquire TS16949 certificate.

**Q** What is your target customer, market, industry and region? Do you have plans to invest and expand sales activities abroad? What type of partner and customer are you looking for?

In the future we will increase the supply to the automotive industry and our business will not be restricted to supplying Japanese customers or particular regions. We will put more efforts on the supply to not only the Greater China and ASEAN, but also to areas that we used to pay less attention to, such as America, Europe, and India. We will not restrict ourselves to makers and distributors, and will look for a win-win partnership through bilateral cooperation.

As to our overseas bases, in 2002 we established the subsidiary "Nitto Precision Screw Industrial (Zhejiang) Co., Ltd." in China for dealing with the demand of local Chinese customers.

Regarding future overseas investments, although we haven't had concrete plans yet, we will actively invest resources and head for business growth. ■