



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.