

We won't be satisfied with being only third in the world. Instead, let's quickly lay the groundwork to be the winner not only ten years from now but also twenty years from now.

In 2006, Hitachi Construction Machinery was in 6th place in the world in sales. We have now grown to be 3rd in the world and the overseas ratio of our sales is reaching nearly 80%. This was our position when Yuichi Tsujimoto took office as our new President and Chief Executive Officer. We asked Mr. Tsujimoto what Hitachi Construction Machinery should do now as a global player to remain our customer's first choice in a world market that is changing dramatically.

Interviewer: Six years ago, Hitachi Construction Machinery's sales volume was in 6th place in the world market. Now you are in the top 3.

Tsujimoto: It's clear that we have grown to this size because of the hard work done in all our different locations and business units under the strong leadership of our former President, Michijiyo Kikawa, and with the support of our customers all around the world.

However, when I project 10 or 20 years from now, I'm afraid that we cannot rely on our current structure. It's as if a mouse suddenly became an elephant. The elephant has this huge body but

Go Together 2013



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the nerves and blood vessels are still mouse-like and have not yet developed to support its expanded size.

I'm concerned that unless the various business units such as sales, product support, development, production, procurement, and so on work together more quickly, we won't be able to keep our customers and remain the winner.

I'm tackling these strategic threats to our success.

Interviewer: Is the mid-term management plan, "Go Together 2013", designed to lay the foundation for that?

Tsujimoto: The mid-term management plan that we have been working on is a three-year project started last year when former President Kikawa was in office. We created the plan by thinking about the market ten years from now. We decided to invest 47 billion yen, our biggest investment ever, into the mining field. This is a growing field where we can build up our strength and create customer satisfaction. We have identified six strategic themes and are diligently working on them. These are "strengthening research and development capability", "establishing a global-scale sales and service system", "strengthening life-cycle support", "strengthening the mining business", "establishing a global production structure", and "setting up a global management structure".

Interviewer: It sounds like marketing will be the key.

Tsujimoto: The construction machinery market is a market with very large demand fluctuations. Therefore, the key is how to understand the signs of a changing market and quickly control the increase in production or the reduction of stock. Think of it like controlling the speed of your car with the accelerator and brake. The information that we can obtain from ICT (Information and Communication Technology) such as "Global e-Service" is very important to gain this ability. Still, that's not enough. Without the information we obtain locally, it's difficult to make a precise and accurate judgment.

There is an even more important fac-

tor. That is the readiness of the recipients. There is no point in delivering information to them if they can't understand its importance when they encounter it, particularly those who are engaged in the design and service areas. When a defect is reported by our customers or our local teams, they have to have the ability to judge whether a situation is simply an isolated case or if it is a major problem common across Hitachi Construction Machinery. A defect that occurs anywhere in the world can potentially spread everywhere.

The ideal way to raise our judgment skills is to visit the sites as often as possible and try to solicit as much feedback from the local point of view as we can. I'm always encouraging our developers to visit the job sites.

Interviewer: Are these ideas all based on your own experiences?

Tsujimoto: Yes, that's right. Mainly I have been engaged in production engineering. But at one point, I held division manager positions for both sales and service in China. When I visited the customers, I received a variety of opinions and advice. From that feedback, came the idea to develop a Chinese model that has a reinforced front attachment. This product turned out to be a huge hit. Now it's a standard specification in China. My view on how important it is to listen to our customers comes directly from those experiences. The person I assigned to be in charge of the various technologies is one who can handle both technology development and marketing in the foreign countries, and he is under the Strategy Planning Division that I mentioned earlier. Scooping up the local needs and turning them promptly into products is an integral part of our system.

Interviewer: What are your thoughts about human resource development?

Tsujimoto: Hitachi Construction Machinery has approximately 22,000 staff in total. More than half are local natives in their own country. Since the overseas sales ratio is anticipated to increase even more in the future, I consider that localizing the overseas business operations with a native staff to be fundamental to our success. To achieve that, we are starting up a "Succession Plan" to train our local staff to become candidates for future executive positions.

We are going to continually nurture local executives by providing local education and training followed by one to two



1953 born in Osaka
1979 Master degree Osaka University Graduate School of Engineering Science.
Joined Hitachi Construction Machinery.
1991 Senior Engineer, Production Engineering Dept., Tsuchiura Works
1999 General Manager, Component Div., Tsuchiura Operation Group
2000 Managing Director, Hitachi Construction Machinery (China) Co., Ltd.
2004 General Manager, Production Management Dept., Production Group
2007 General Manager, Procurement Div
2009 Executive Officer and General Manager, Procurement Div
2010 Executive Officer and Vice President, Development & Procurement Group
2011 Vice President, Executive Officer and Director, and President, Development Group
2012 assumed current position in April

Yuichi Tsujimoto

President, Chief Executive Officer and Director
Hitachi Construction Machinery Co.,Ltd.

years of training at the operations department and production sites in Japan.

At the same time, the Japanese staff will be given the key role of supporting the local offices even while they exercise governance.

To advance localization, a true sense of unity is important. **"Kenkijin Spirit"**, which is our standard of values and our shared code of conduct among all Hitachi Construction Machinery employees, is fundamental to that unity. All over the world, we are conducting the training needed to establish this sense of unity and value. **Kenkijin Spirit** is soaking in all over the world and becoming localized, while, at the same time, it is driving the group to advance as one united body.

Interviewer: Advanced technologies are required to realize the customers' needs. It appears that cooperation with the Hitachi Group is achieving this result.

Tsujimoto: Yes, indeed. The best example is the alternating current AC drive dump truck that adopted the AC motor technology Hitachi had upgraded for the Shinkansen. This dump truck has been very well received due to its extremely advanced brake capacity and the upgradability of the product class.

Furthermore, with the high body control technology that we adopted, the truck won't skid easily while a detailed control enhancement such as making the shock smaller when the driver brakes the truck will be possible. We want to enhance our product line and raise our current position from a 10% share to as high as 30%.

In fact, we are driving the optimization

of the mining field by adopting Hitachi's ICT to our operating control system that operates not only the machinery body but also how efficiently we can operate excavators and dump trucks. These technologies were created among the Hitachi Group through the development of automobiles, Shinkansen trains, power plants and so forth.

By combining these technologies with our hydraulic technology and product reliability, we can create our original technology which is an enormous competitive advantage.

In the future, construction machinery won't be practicable without information technologies and electronic technologies. Therefore, we are promoting exchanges with the respective Hitachi Group companies, starting with Hitachi, to create new construction machineries and solutions. As the cooperation advances further, we believe that we will be able to provide new value that we don't see anywhere else, such as energy-saving machines, automatic and self-sustaining controls, and computer-aided construction.

The construction machinery field is expected to keep growing. I believe that there are huge opportunities for us to grow if we keep working on the existing issue and on our themes, and by keeping the spirit of challenge at the top of our mind.

We aim to be a trusted partner for the next 10 years and for the next 20 years. We will continue to aim at higher and higher targets. We look forward to meeting these challenges and hope you will too.

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