

## Speech at completion ceremony for the “Monozukuri Center” of Toyama Co., Ltd.

April 10, 2015 (Fri.), taian (day of good luck all day)  
Katsumi Endo, Chief Executive Officer, Toyama Co., Ltd.



I would like to express my heartfelt appreciation to all of you for taking time out of your busy schedules at the start of this new fiscal year to gather here today. I am happy to see so many people here, and that we have been blessed with such nice weather.

I am Katsumi Endo, the third generation chief executive officer of Toyama Co., Ltd., and I am serving as the company’s representative. On behalf of the company, I would like to humbly make some remarks on the occasion of this completion ceremony for our new headquarters factory.

Our founder Motomasa Endo launched our company in 1954 as the “Endo Factory,” and on April 19, 1956, our predecessor organization Toyama Seiki Ltd. began operations in Toyama-cho, Shinjuku-ku, Tokyo. During the 59 years since then, our base has moved from Toyama-cho, to Iwado, Kitatama-gun, Toyko (currently Komae) and Sagamidai, Zama City, Kanagawa Prefecture (currently Sagamigaoka), and then to Hibarigaoka, also in Zama City. And now, we are beginning this promising 60th Fiscal Period at our current location here in Yamakita-machi, Ashigara Kami-gun, Kanagawa Prefecture.

We have been able to achieve this thanks to the support of many people: the clients who have continued to favor our company, the officials of the national government and local governments who have provided us with ongoing valuable guidance, the employees of financial institutions and cooperating partner companies who have patiently provided us with continued support, our own employees who have endured hardship, provided us with their generous cooperation, and worked tirelessly based on a strong spirit of dedication to our company, and their family members. I hope this does not come across as trite, but first of all, on behalf of the company, I would like to once again express my deep gratitude to all of you.

Thank you very much.

We have named this new headquarters factory the “Monozukuri Center.” I would now like to take this opportunity to briefly introduce our dreams that are represented by this name.

The concept is bold and simple. It seems that nowadays in the world, very few things are authentic. Based on this awareness, we are fiercely determined to fully protect “authenticity”—namely, the “authentic monozukuri (manufacturing)” that we in the manufacturing sector are seeking to realize—in our country Japan. We have built and launched the “Monozukuri Center” here in Yamakita to serve as a hub as we strive to achieve this goal.

Today many of our clients were given tours of the areas inside our company. I would like to note, however, that this headquarters factory has a completely different concept than efficiently producing standardized products and pursuing profits based on mass production. We have designed and built this factory as a suitable location for diligently making experimental devices for cutting-edge research and development in science and technology, one at a time, by hand, utilizing our wisdom and skills. Therefore, the Center is truly a unique place in the world. It is more like a workshop than a factory, where we manufacture what we refer to as “the ultimate playthings for adults.”

The Center has been given the most spacious possible layout and incorporates: office spaces with wonderful views of the outside, large engineering rooms where engineers can get together, production floors with high ceilings, expansive and open cleanrooms, luxuriously built research and development areas, temperature-controlled rooms in which it is possible to perform ultra-precise processing and measuring, an employee cafeteria serving food that is safe and secure and takes into consideration the health of our employees, and lecture rooms referred to as “natural science lecture rooms” that are equipped with an astronomical telescope. Also, surrounding the Center, there is a shrine grove named the “Toyama Heisei Forest” where we are aiming to restore the indigenous natural vegetation.

Altogether, this is an environment that has been prepared in order to resolutely and fully protect the spirit of “made in Japan” monozukuri that has been developed based on the traditions of Japanese people, and can be considered the “soul” of the people of Japan.

This “Monozukuri Center” first of all gives the highest priority to developing authentic human resources, with a view to creating truly great products. Monozukuri can be considered “developing human resources.” This is because we believe that in order to create world-class “made in Japan” products, it is essential to cultivate human resources who have a high level of sensitivity as human beings. Therefore, a modern-style system that produces uniform, doll-like human resources with a one-sided focus on efficiency does not exist at our company.

Our intention has been to create an environment in which all of our employees can freely refine their potential sensitivity at a location with a rich natural environment that is away from the urban hustle and bustle, while closely interacting with the local people. The seating arrangements in our engineering rooms, for example, are determined at random based on a lottery system so that our employees can stimulate each other and engage in teamwork to the maximum extent possible. Our manufacturing worksites are expansive, and we do not allow our employees to perform the same type of work at the same location for many hours. Open layouts with low barriers have been created so that departments can immediately get in touch with each other if some type of problem has occurred, and many meeting spaces have been set up so that relevant employees can gather and hold meetings right away. These ideas have been incorporated so that all of our employees can always carry out their work while thinking independently, yet also remaining aware of team play.

In addition to human resources, we will also steadily make investments in machinery, equipment, measuring devices, and facilities in order to achieve the maximum possible levels of performance. This will include large-scale machine tools, ultra-precision processing equipment, vacuum heat treatment furnaces, and electron beam welding machines. We believe that fundamentally these will be used in an effective manner, not for the purpose of mass production, but rather in order to diligently realize “made in Japan” products one by one that truly deliver the top level of performance in the world.

In this environment, which can perhaps be considered extravagant, we are hoping for all of our employees to take in the truly wonderful “ki” or “energy force” of this location, as they polish their unique sensitivities and generate truly creative products and original technologies. This is the dream that led us to give this facility the somewhat lofty name, the “Monozukuri Center.”

Since these are such bold statements, more than a few of you may be skeptical and wonder if I have lost my senses. You may be wondering if such idealistic thinking is acceptable.

My answer to that is in fact simple and clear. We will do this, and we will succeed! This is something that we must accomplish! We are truly determined, and believe that “There is no path ahead but the one that we forge.” As such, at this location, our company is even willing to do away to the word “business” that has been given to us by the West. We will eliminate simple, generational concepts that are truly shameful, from our management philosophy. These include setting forth uniform, monotone ideas, collecting as much as possible through short-term competition, and namely, coveting profits, while presenting a series of attractive rationalizations. Our company shall develop authentic human resources over the mid to long term, and aim to carry out authentic technological development.

Both in space and on earth, there is an eternal flow of time that we humans cannot possibly measure

with our diminutive tools. For example, even if it is not possible to synchronize ourselves with the wavelength of god, why is it that so many modern people greedily desire inauthentic outcomes right away?

Authentic things can only exist together with other authentic things. Authentic things cannot be produced from counterfeit things. Authentic things do not exist alone. Authentic things inevitably stimulate each other, form truly win-win relationships, and generate a beautiful “energy force.”

Based on this mindset, our company has decided to engage in authentic forest creation, under the direction of Dr. Akira Miyawaki, Professor Emeritus at Yokohama National University, as a symbol of our management philosophy going forward. We are determined to regenerate authentic trees and an authentic forest surrounding the Center, based on awareness of “latent natural vegetation,” which appears by leaving things up to nature, and an understanding that ultimately the majority of the vegetation is eliminated through natural selection. This has involved the mixed planting and close planting of 36 different species of seedlings, with a spacing of three trees per square meter. This morning, we conducted our third tree planting ceremony, and have planted a cumulative total of 22,222 trees.

Authentic things can only be cultivated in a diverse and rigorous environment, and this takes plenty of time. Watching over authentic things points people in the right direction. We are taking action to create an authentic forest so that we ourselves can grow and become authentic.

I realize that this could perhaps be considered artificial, but we have also built an authentic cherry tree garden, hiring Uetoh Zohen Co., Ltd., a prestigious company from Kyoto. This garden does not have a single Yoshino Cherry tree, which can often be found in rows at factories. We planted 12 different types of cherry trees, and each one is highly unique. The fundamental characteristics of these cherry trees that Japanese craftspeople have traditionally preserved in a thorough manner up to now, will likely help us to see the wonder of diversity in a new light. These trees will undoubtedly teach us that each authentic thing is different, but is wonderful just as it is, and that when harmony is successfully achieved overall, something great is created.

In this world of so-called “modern business” that is oriented around short-term profits, it seems that cultivating authentic things is extremely difficult. This is because in order to produce authentic things, it is necessary to first prepare the soil, plant a large quantity of a great variety of seeds, and then to carry out cultivation patiently over long periods of time, one generation after another, with the utmost effort, yet without becoming overprotective. This type of effort is similar to serving as a loving parent, and it would not be possible in world that is solely devoted to efficiency.

For example, monotone Yoshino cherry trees that are planted in rows, that Japanese people love, quickly reach their prime and are beautiful, but their splendor lasts half a century at most. All of them quickly enter the end-period of their lifespan, just like modern-day companies. On farmland as well, if only a single type of plant is harvested, the soil deteriorates and diseases become rampant, and thus sustainable harvests can no longer be expected.

Superficial thinking based on short-term competition, in which uniform human resources are educated, concentrated, and selected, seems to me like arrogant moneymaking. This is an approach referred to as “globalism” in which persons who are poor in spirit serve as apprentices, and with the short lifespan of human beings as the time axis, an effort is made to collect the maximum possible return on investment.

As such, we are seeking to create authentic things in a sustainable manner over long periods of time, and have decided to daringly turn our back on the approach referred to as “business.” It is not a problem if things take time. We will do everything we can to diligently form our soil, plant a wide variety of seeds, and take action centered on cultivating these seeds. Even by doing something as simple as this, there is no doubt that a series of authentic trees with strong roots will begin to appear, and that these will provide us with all the blessings and fruits that we may need.

Our founder would often say, “Virtue should be stored in the warehouse of heaven.” We will put this into practice. Profits and honor should not be rushed. These can wait. This is perhaps a reckless and absurd way of thinking, but on countless occasions in the past, our company has been saved by similar ideas that could be considered reckless. We are not living our lives, but rather, our lives are being lived through us. This is a fact that I have come to realize on numerous occasions.

I would like to point out that many different people have gathered at this location today, including highly prestigious researchers from around the world, top-level officials from the national government and local governments, elite executive managers from top-notch companies, and valuable partners from overseas. In a manner of speaking, this is truly miraculous. I do not believe that any of these people have come to observe our eccentric company just for fun. In other words, I believe that miracles like this actually can happen, and that we will generate an “energy force” which will bring about even greater miracles.

Miracles occasionally occur, and I do not think that these happen randomly. These may include research results that have been put in the spotlight by the Nobel Prize or the like, major social changes that could be considered revolutionary, the emergence of a nation or company achieving surprising levels of development, and outcomes from human activity in the world that are amazing and far surpass our expectations.

Behind such miracles, it is likely that vast amounts of energy have accumulated over long spans of time. Whenever such developments do not repel each other and are synchronized in a single direction, and when the threshold has been crossed, something wonderful happens. Miracles will likely happen because all of us are united and devoted.

As such, we would like to establish this as a truly attractive location where the beautiful “energy force” provided by globally active persons like all of you, is gathered and synchronized, as is happening today. We would like to put into practice our basic corporate philosophy, which is “contributing to the development of science and technology in order to achieve world peace through monozukuri.” It is based on this hope that we have decided to open this new headquarters factory named the “Monozukuri Center” here at Yamakita.

Repeating these ideas over and over might be verbose, but I would like to state them again now as a new pledge for our company.

First, we are grateful for the miracle of currently being alive, and we shall continue to take on the greatest possible challenges in order to constantly move forward and avoid clinging to the past. We shall not try to measure the world with our tiny ruler.

Second, we shall therefore not focus on short-term moneymaking and so-called “business.” Our company shall never take action based on superficial reasons and motives, such as government encouragement or the fact that other companies are making money by doing something. This is because we believe that: authentic things cannot be produced in a day; authentic things can only be understood in the context of other authentic things; and authentic things attract other authentic things and harmonize vast amounts of energy.

Third, we shall, however, put into practice an approach in which we establish reliable foundations in advanced fields, carry out our activities based on these foundations, and secure reasonable profits that are at a suitable level according to the situation. Monozukuri is a great strength of the Japanese people. This is because monozukuri is a very unique fundamental characteristic, which gives us the potential to create outstanding products that can take a leading position in the world.

The Japan of today is not in good health. To me, it looks as though the country is exhausted and has lost its self-confidence.

The “Monozukuri Center” is entirely for the next generation. It will probably take at least 10 years for the latent vegetation on the land of our shrine grove the “Toyama Heisei Forest” to be restored to its

original level. I cannot confidently say how many years it will take for the young, spirited individuals who have gathered here and are working hard, to be able to make contributions to the world through the monozukuri that is the pride of Japan.

The only thing for us to do is to obstinately protect and cultivate our specialty—the sincere monozukuri that has been developed here in the culture of Japan—and to continue to search for ways to put this to use in society. If we can preserve the spirit of Japanese people, this will serve as a driving force, and it can be expected that some truly great products will be created here in Japan.

Good products make people happy, and spiritually enrich people. A sense of gratitude is created. Such products can generate a new, beautiful “energy force” that is greater than money and anything else.

Authentic things can only be produced from other authentic things. Authentic things can only be understood in the context of other authentic things. Authentic things never perish. This is because they themselves are true.

Encountering many authentic things has given me courage. As a result of this good fortune, perhaps a day will come when we understand our destiny. I would like for us to produce more authentic things: authentic human resources, authentic technologies, and authentic products. This building may be small but this is the purpose that it is suited for. I would like to take this opportunity to open it for all of you, the authentic people who are present here today.

Therefore, please provide us with your authentic support, authentic ideas, and authentic work. I hope that an increasing number of new “authentic things” will be created at the Toyama “Monozukuri Center” here in Yamakita, Japan.

Once again, I would like to express my sincere gratitude to all of you, and on behalf of Toyama Co., Ltd., would like to convey our company’s strong determination. Thank you very much for listening and being patient as long as you have.