

THE WORLDFOILIO

**Ogura
Clutch,
Japan**

“The Only One”

company in clutch manufacturing

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Yasuhiro Ogura, President of Ogura Clutch, the world’s largest manufacturer of electromagnetic clutches and brakes, discusses how the company is developing clutch technology for electronic vehicles and robots, and explains how it is adapting to the major changes in the automotive industry to meet new customer demands.

What is the competitive strength and advantage of Japanese monozukuri (craftsmanship) when compared to China or Korea, or in other words, why should an average consumer pay an extra dollar for a Japanese product?

Many Japanese manufacturers faced difficulty after the financial collapse in 2008. During that time, a large amount of Chinese corporations began to copy Japanese technologies and produce it at a cheaper cost. Over time, some Japanese manufacturers lost their dominant positions to regional peers and although not as prevalent, it continues today.

Before the financial collapse in 2008, Japan lived in an economic bubble where capital was accumulated but unused. Corporate and private earnings were kept in banks over long periods of time without being reinvested. When the bubble collapsed, Japanese firms, especially “Monozukuri companies,” once again lost their balance.

In recent years however, a different trend has emerged. As China’s labor cost is gradually increasing, Chinese corporations are starting to sell products that are more expensive to make, inevitably lowering their profit margin. As an ambassador of traditional “Monozukuri,” we believe that we must overcome our flaws and utilize situations that help maintain our dominant position.

As a company which assists automakers, we carefully observe and analyze domestic market trends. In recent news, we have seen that famous automotive makers had to recall their vehicles due to unsatisfactory automobile components. As a company, it is our duty to ensure that the reputation of Ogura products remains untouched. Normally, the excellence of Japanese quality manufacturing doesn’t encounter skepticism or doubts. By maintaining thorough quality control, emphasizing attention-to-detail and continuously investing in innovative technologies, Ogura Clutch is proud to represent the strength of Japan’s quality craftsmanship.

The automotive sector is experiencing tremendous changes with the appearance of new hybrid and electric vehicles. How are these changes affecting your company?

With the introduction of electric vehicles, the utilization and demand for automotive components has changed. To increase the production of E/Vs, the market requires safer and more reliable devices. For example, as E/Vs become more popular, part-makers will have to produce the next generation of air conditioning compressors to work with the many electrical and electronic devices present in electric cars.

At Ogura Clutch, what we are most concerned with is the decreased need for clutches in E/V coolant systems. To maintain our position as the market leader, we designed and introduced new styles of clutches approximately five years ago. One of the strengths of our company is our capacity to adapt, predict market trends and swiftly react to new demands. We also offer micro clutches that are used in copy machines and other electronic devices. When E/Vs begin to require these types of miniature clutches, we will be ready to offer ours as a solution. These miniature clutches are small in size but produced in high volumes. Annually we produce 10 million micro clutches.

Ogura’s revenue comes from a diverse portfolio of approximately 7,000 various clutches. Electric vehicle development is expanding in the automobile business, however, it's only one market segment. Ogura has many other motion control devices that are used in automotive, power-train and stabilization systems.

Despite having about 2,000 employees around the world and being a market leader with many of our products, we regard ourselves as a relatively small but strong company with a long history of experience in clutch manufacturing. That is our advantage over new competitors who will need experience and knowledge, as well as funds, which Ogura Clutch already possesses.

Although we’re not number one, we are the only company that has taken the niche market of clutch manufacturing. We call ourselves “The Only One” company.

How do you ensure that your product’s quality remains top-notch whether it is produced in Japan, Brazil, Thailand or in China for example?

Back in the days we thought of our company as a “Made in Japan” manufacturer. Our obsession to produce domestically lessened our competitiveness on the global arena. Now we believe it is more appropriate to refer to our company as a “Made by Japan” manufacturer. Thanks to the experience we have accumulated since our foundation 80 years ago, we have successfully exported “Made by Japan” manufacturing processes to our international bases.

To ensure we maintain the same level of quality we domestically cultivate, we have a tailored analysis and an operating method fit to each particular country. Every overseas operation has particular hurdles that they have to face and overcome. First, we must analyze the openness to business (“business friendliness”) of a given country and their attitude toward production. Second, we must consider the availability of local technology and equipment to assess the quality level we will be able to produce. After analyzing available resources, we aim to create a conducive environment capable of sustaining the high quality excellence found in our Japanese manufacturing operations.

Because we have been diversifying our technology since the establishment of the company, we accurately fit the phrase “Made by Japan”. In 1990, President Reagan instated a regulation on nearly all foreign companies stipulating that if they wished to do business in the USA, at least 70% of all component parts had to be assembled at local manufacturing sites. This caused many Japanese corporations to lose their foothold in the States. Still, they brought their production experts from Japan and constructed the last part of the components inside the USA, and then released and sold it as “Made in USA”. Because we were already producing “Made in USA” devices, Ogura’s previous strategy was successful. We anticipated market trends and did not need to invest capital in America.

By employing Americans and setting up local factories, we sold countless commodities under the “Made in USA” brand. While it was indeed assembled in America, the products we released were indeed Japanese technology. The former president of Ogura Clutch adopted a similar procurement strategy in other countries, marketing our products as “Made in China” or “Made in Taiwan”, while using Japanese technology. No matter what it says after “Made in”, no one doubts the “Made in Ogura” label.

What has been the effect of the Trump administration on Ogura Clutch? Do you face any challenges?

There are certainly similarities between former US President Ronald Reagan and presently elected Mr. Trump, such as the focus on “Making America Great Again” and the push to promote local production. Many manufacturers are trying to find possible solutions to settle this politically complicated situation.

For example, Mazda has traditionally and historically been strong with their US production. Like Mazda, we also have long experience working in the American market. No matter how the situation fluctuates on the political sphere, we will find a way to connect to American customers.

Of course, we don’t think of ourselves as a large company. Our next action is not to bring our manufacturing forces back to the US since we already have manufacturing in the US. The growth of our company has reached countries like Brazil, China, France, and more. It would be difficult if we were to constantly assess fluctuations in the political arenas of each country we’re working in. We will continue to operate as usual without surrendering our flexibility to support our global manufacturing.

Your clutches are used in a variety of industries, from the automotive sector to general machinery tools, elevators, and more. Can you tell us more about your diversification strategy?

The latest area of growth is robotics manufacturing. Functions of a robot, such as the arms and joints, are supported by brakes. If brakes weren’t used in these critical joints of a robot, these arms could fall causing injury or damage. As the use of robots continues to grow, the need for Ogura brake products will grow along with it. But, the majority of the business Ogura has is in automotive manufacturing. As automobiles become more user friendly and safety conscience, the need for clutches and brakes will continue to expand.

Despite our in depth knowledge of our markets, we sometimes face lack of information regarding competitors in low-cost countries. Our challenges can be illustrated by a “shadow boxing analogy:” In the automotive sector, we know who our competitors are. However, in regard to industrial clutches and brakes, we don’t even know the names of some of the companies we are competing with. So, it is very challenging to ascertain who our competition is and then figuring out

solutions for dealing with them.

As of today what countries do you believe have the biggest growth potential for Ogura?

The next region for development is India. The Indian nation and economy is starting at a low point, and its industry, infrastructure, and construction have to be further developed. Furthermore, we may build another factory in China to scale up our local and Asian production.

Wherever we expand, we always grow independently by using our own means and capital. It's the same with the US market. We were previously contacted by Ford, Harrison, and GM, as well as the French company Valeo with offers to work together. Nevertheless, we systematically decided to go forward with our own strength. This scenario will inevitably apply to our approach to the Indian market.

You talked about this "Made in Ogura" so I'd like to ask how would you describe what the Ogura value or brand stands for?

When we first decided what Ogura would represent, we wanted each employee to have pride and to fully understand the essence of the company. Now we are the top clutch manufacturing company in the world. Every person working for Ogura, in Japan or elsewhere, knows the sense of pride and responsibility the brand carries. Enjoying strong brand recognition amongst our employees is essential to the company's development.

This year marks the 80th anniversary of Ogura. What ambitions do you have for your 100th anniversary?

Our company's objective has, and always will be, to support the 'Monozukuri' of our customers thanks to our own high level of craftsmanship. For the next 20 years, we will continue our efforts in maintaining this approach to production. Looking at the future, we are considering making investments in the Japanese medical equipment market. In many societies, like in Japan, the aging population is growing for the foreseeable future. Over the next few years, it is highly probable that we will witness a greater demand for medical robots and next-generation of health devices. There may even be some industries that will have an unexpected need or special interest that will open the door for more opportunities. Many technologies will evolve over the next 20 years, so we will continue to keep a close watch on global trends to always remain one step ahead. This evolution will help us diversify the types of clutches and brakes we offer so we can satisfy our customers and better serve people's needs.
