OKAMURA’S COMPETITIVE EDGE TO KEEP GROWING

The fifth world player aims to strengthen domestic and overseas business development with its “Creative Office” philosophy, offering high value-added products and taking advantage of a profitable “on demand” production system.

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During 2009 almost all businesses worldwide will turn for the worse and Okamura, leading player in the Japanese market for office furniture, is placing a greater emphasis on enhancing competitiveness. With an expected 10% reduction of the turnover for the year ending March 2009 (market climate deteriorated rapidly since October 2008), net income will go down by around 50%, although even not bad in comparison with the office furniture sector as a whole.

Turnover of the year 2010 (March) is expected to go down slightly from remaining unchanged, due to continuing adverse market condition. However, profit is expected to increase, due to cost-reduction of sales administrative expenditure or main materials.

Office furniture accounts for just 60% of Okamura’s turnover and a slightly higher percentage from the point of view of revenue. The company is also active in the sectors of store displays and material handling systems.

KEY WORDS: MARKET DIFFERENTIATION

But let’s focus on the office furniture. Here the company aims to achieve successful market differentiation through high added value products (“Contessa” chair, for example, is a flagship product), fully strengthening overseas business development as a Japanese player and proposing a “Creative Office”.

The office furniture market in Japan, but not only here, is facing big threats like a decline in the office population (increasing aging population, changes in the employment structure, shifting manufacturing overseas) and a slowdown in the construction investment. In the meantime, we should also mention the strong...
request of office renewal aiming to office efficiency along with improvement of working environment or change of working style. In particular, people-friendly office products, barrier-free products and layouts, security, more communication in the office are in big and growing demand.

SUCCESSFUL “ON DEMAND” PRODUCTION
Since 1997, 11 years ago, Okamura started its own production system, “OPS” (Okamura Production System) and radically eliminated waste in the factory and reduced production lead time. As a result, Okamura accomplished to reduce manufacturing cost by over 1 billion yen every year, and created competitive superiority by realizing high-mix low-volume production, addressing to customer needs.

Due to a strong internal R&D department, the company is able to reach approximately one third of total sales with new products. R&D costs account for around 1.0% (excluding labour cost) of the turnover. In comparison with other leading players, the share of production made by the nine company plants nationwide is pretty high (70%) and it allows to keep quality/cost/lead time in good balance. Margins for high-grade products, that today represent approximately 10% of office furniture sales, are 10 points higher than those for standard products. They are mostly upper end seatings and partitions.

Tokyo’s metropolitan area has been the privileged client for these products so far, whereas today it’s time to approach the growing Osaka market (and the Kansai region), as well as foreign markets (United States and Europe). Okamura boasts No 1 market share of 26.5% in the Japanese market for office furniture, and is definitely strong in the middle-upper end of the market. Nowadays it is the fifth world player.

The company is listed at the stock exchange and has a long term strategy in terms of dividend policies: in the last five years, 75% of revenues on average have been reinvested in the company, and 25% has been paid as a dividend.

PROPOSAL OF "CREATIVE OFFICE"

TRANSFORMING THE OFFICE FROM A PLACE OF WORK OR DATA PROCESSING INTO A “KNOWLEDGE CREATION SPACE”

KNOWLEDGE CREATION PRACTICES IN THE OFFICE

INSPIRE EACH OTHER

- Walk around freely
- Deepen understanding
- Put into practice
- Test

EXPRESS IDEAS

- Talk casually
- Talk freely and brainstorm
- Sketch ideas and draw analogies
- Investigate, analyze
- Engage
- Be consulted and listened to

MASTER SUMMARIZE

- Increased communication space
- Use both fixed seat and free address as the situation demands
- Increased AV-conference room and Remote conference system

IDENTIFY AND PROPOSE A UNIQUE “SPACE” FOR EACH CLIENT THAT MEETS THEIR OWN PARTICULAR NEEDS!

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