

Mission and Future Role as a Core Operating Company for Next Progress

The Fuji Electric Group reached its 80-year anniversary in September 2003. Since its founding, many senior company employees have worked passionately in their respective era and industrial generation to achieve technical innovation, develop new products, expand the sales network, boost customer satisfaction and increase Fuji's branding strength. I am profoundly aware that the success of the Fuji Electric Group is due to the service of these senior employees and to our customers' patronage to Fuji Electric brand products over a long period, and accordingly I deeply appreciate this. Moreover, current employees who aim at further growth and expansion of the business, as well as future employees of this business, cannot forget the huge responsibility, as described above, that we have inherited.

As a result of the Fuji Electric Group's reorganization into a pure holding company system, the Fuji Electric FA Components & Systems Co., Ltd. (Fuji Electric FA) began functioning as a core operating company as of October 1, 2003. We recognized that this was a historical and revolutionizing change, and we sought answers to the question of "what should the Fuji Electric FA do as a core operating company of the Fuji Electric Group?" The answer, we believe, is to emphasize the following five points, especially in our company operations, in order to expand our business for the future.

1. Creation of a business structure for steady high profitability

The Fuji Electric FA aims "customer satisfaction and value creation by providing components used in the fields of power electronics, distribution & control, and drive control, as well as for the small or medium-sized systems formed from combinations of those components" with the world's highest level of quality, performance and service. Namely, as a key business of the Fuji Electric group, our company has a large responsibility to contribute both to corporate and also to society. We intend to create a company structure that is not affected by changes in market conditions or sales quantities and always remains profitable, even

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under deflationary economic conditions when the future economic environment is uncertain.

2. Proactive business operation for sales increase and expansion into the Chinese market

Our main business activity concerns the route-sales of individual FA components and systems, and it is so vital that we sustain and increase customer trust through a persistent effort. However, in addition to such single-unit sales model, it will not be possible to realize sales increase as a manufacturer in drastically changing market today, unless each individual salesperson takes the initiative to perform consulting with full use of the advanced systems technology that has been acquired thus far by the System Technology Integration Group. We intend to transform ourselves into a professional sales force who can interact directly with our customers and provide them with optimal solutions. We will also implement a sales strategy for the Chinese market which has potential market needs, and high economic growth.

3. Development acceleration for worldwide strategic products

Our business focus is not limited to Japan, and we also aim to be victorious in the tough technology and market share competition with overseas top manufacturers. Thus we can increase overseas sales rate to 30 % or more of our total sales. In order to realize this goal, we are putting our full effort into the refinement of constituent technologies and the development of new products, and we plan to advance a global strategy considering worldwide market steadily.

4. Formation of alliances to increase business efficiency

Efforts to expand our business will not only be undertaken by ourselves, but also through a proactive initiative to form alliances with other companies. We intend to operate our business efficiently through such alliances that offer higher productivity with regard to sales increase, cost reduction of development and manufacturing, and promotion of mutual complementary products.

5. Establishment of QCM activities and elimination of loss cost

In order to generate a profit in today's severe economic climate, it is necessary to raise quality further and to minimize loss cost to the extent possible. Analyzing the failures that cause less quality thoroughly by QCM (quality chain management) techniques, the causes are classified to human factors or organization factors and then each cause is corrected to stop the failures. Loss cost has been reduced year by year, and we are reaching the era in which loss cost

is reduced by fifty-percent, and may be finally targeted for extermination.

While emphasizing the above five goals, we not only concentrate on our individual work activities, but also we aim to become the "industry's strongest specialist" by surveying the general flow of whole work processes and considering ways to make particular sequences of processes "more efficiently," "more rapidly" and "more precisely."





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