

# THE WORLDFOLIO

## Oshika, Japan

### Leading wood adhesives maker

#### looks to go global



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Kazuhide Horiguchi, President and CEO of Oshika Corp

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Oshika Corporation is a top manufacturer of over 1,000 kinds of wood adhesives and general construction materials tried and trusted by satisfied clients in Japan and across the world. We speak with president Kazuhide Horiguchi to learn more about the company's products and how Oshika not only supplies their customers with the highest performing products, but also offers training to the customers on how to best utilize those products.

**In the last 25 years, you have seen the rise of cheaper competitors such as China and Taiwan. They have replicated the Japanese monozukuri process at a cheaper cost enabling them to be the B2C leaders. In the advanced technological fields, however, Japan has maintained its leadership status. Would you please tell us your view as to how Japan has maintained its leadership in this field and what role has monozukuri played for Japan in order for it to stay at the top?**

I believe that the strength of Japanese monozukuri lies in the fact that Japanese companies continue to manufacture in collaboration with their clients. The manufacturers always maintain close contact with their clients and are able to produce such high-quality monozukuri. In a sense, it is like playing catch with the client.

We are mainly dealing with adhesives for wooden construction material. Depending on the changes of the seasons, the region, and the variety of wood, the adhesive used for construction materials also varies. No matter whether we work in Japan or abroad, we make sure that we go to where the clients are in order to establish the right communication pathways to provide the most optimal services.

**How are you able to provide high-quality products when you produce outside of Japan?**

For example, one of Oshika members based in Indonesia always offers our clients how to get the best performance out of our adhesives as well as the exact adhesives which are most suitable for their materials. Our job doesn't end with just selling the

adhesives to our clients, we help them in the manufacturing process as well. We aid them on how best to utilize our adhesives. We also provide technical training online to our client in the case we are not able to be on location.

**The adhesives market is expected to boom in the upcoming years due to the housing industry's need for more adhesives. We are seeing this growth in emerging countries such as those in the Asia Pacific region and also in developed countries within North America. How do you plan to take advantage of this growth?**

With adhesives, it is very important that the production is localized, we also have an exporting business where we export certain Japanese-manufactured products to Indonesia, Russia, Philippines, Korea, Brazil among others, so that we form different types of partnership styles with our clients overseas. Depending on the situation, we may form joint ventures or may license out our products with our clients or local adhesive manufacturers.

The kind of strategy we are taking comes with an understanding that it is extremely difficult to begin an overseas business only by ourselves. We believe that it is in our best interest to partner with other companies which have high technologies in order to work together with trustworthy partners. By establishing a strong form of trust, we can provide them with our recipe so that we can expand in that country.

We are implementing this strategy in Indonesia, Vietnam, Malaysia, Philippines, New Zealand and most of Europe. As the pandemic complicates these efforts, we can only meet and speak with our partners remotely. Though China has strict environmental restrictions, we are contemplating the expansion there by working with new partners.

**You were founded in 1905 with the philosophy of "World Quality from a Century Company". Could you please tell us what your main competitive advantages are and what makes Oshika Corporation the go-to partner when it comes to adhesives in the housing industry?**

I think our greatest strength is that we boast over 1000 types of adhesives that are adaptable to any varieties of wooden construction materials. Though there are big adhesive manufacturers in the world, the strategy that we follow to grow going toe-to-toe against such manufacturers is not just selling adhesives, but also supporting our clients in a manufacturing process to work in niche areas.

**Your company has two main divisions: the chemical division where you develop adhesives, and the building materials division. Would you please be able to give us an overview of each division and your strategies within each division?**

We have two core businesses, the first being the adhesives and the second being building materials such as plywood, wooden structural members and flooring materials. With regards to adhesives, they are mostly for wooden materials but we plan to expand our business catering to the automotive industry and IT tools in the future. The plywood business is mostly a domestic one. Adhesives, however, can be expanded around the world. Our adhesives business will be the focal point in our plans to expand globally.

**How do you plan to expand globally and is there a specific market you are focusing on?**

The adhesive that we want to expand globally is called the aqueous polymer isocyanate adhesive. This kind of adhesive is used in furniture and laminated lumber. It is a core competitive advantage of ours and we are planning to take it across the globe.

**In your second business, you are involved in wooden construction materials. Because of the decline in population in Japan, the housing industry is also declining.**

With the decline in the Japanese population, you might see a decline in the number of construction materials used for housing. However, due to government support, you are starting to see wooden materials now be utilized in the larger facilities like the creation of kindergartens, storage facilities and gyms, as well as in the public buildings like the municipal ward offices, government buildings, etc. We think it is a growing market and contributes to the realization of a sustainable society.

**Many Japanese companies are investing in R&D in order to be more competitive in their respective industries. Do you have any upcoming products or technologies that you would like to showcase to us?**

We are not such a large company with around 410 employees as a group. Among those, 50 of them are in the R&D department.

We are currently focusing on a hot melt adhesive and we are looking to introduce this adhesive into the market. Focusing on applying this adhesive to the automotive industry, housing industry, and IT and electronics industry. In addition to that, one of our breakthrough adhesives which utilizes a natural material "lignin" is also an adhesive that we would like to introduce in the future.

**In order to introduce a product into a new field, many Japanese companies are using co-creation and co-development with foreign companies, coupling the Japanese monozukuri with foreign technologies. Are you actively looking for foreign partners specifically to participate in co-creation activities?**

We have a joint venture in Indonesia, and apart from this venture, we have out-licensing partnerships with other countries that I cannot disclose much information about. In that partnership, we are doing co-creation. It is a new project in which we have signed an MOU and co-create by licensing each other's products.

**I would like to speak about your production system called the GIR joint system. Would you please tell us the competitive advantage of this system and where would we be able to find this system in action?**

Wooden material construction used by GIR instead of steel and RC contributes to sustainability. Our glued-in rod system is used in several different buildings across Japan.

For this GIR system, it's not just about selling the adhesive, but rather training the client on how to best carry out construction work. The GIR system requires a sturdy glue gun that uses an apparatus that you have to don on your shoulder to inject the glue into the materials. Training is highly recommended and provided by us in order for users to be able to use this gun and apply the adhesives correctly.

Even when this system was applied to the airport terminal, we had our sales staff, as well as one of our researchers, go to help and provide technical training. We would like to apply this method to expand our business overseas.

**Your company is 115 years old. What does the future hold for Oshika? What is your midterm strategy to continue corporate growth?**

Our mid-term strategy is to be a flagship company for wood adhesives domestically. We develop adhesives which can be utilized in other new fields, giving clients technical assistance and strengthening sales as well as developing more highly functional adhesives for wood. And we plan to internationally expand Japanese high-quality adhesives by appealing our "world-quality adhesives for wood" upon looking for partners we can work with.

**What is your international strategy?**

Our strategy is to expand our business focusing on technical support and sales support by utilizing licensing, instead of capital investment. What this means is that we need to adapt each expansion's strategies to the region we are trying to expand to. We also would expand into areas where there is already a Japanese-affiliated firm established and assist them with their needs.

We also work with foreign partners already established in the same sector as us and develop a mutual partnership in order to expand. We have used this strategy to expand in Southeast Asia.

**Do you have any country in the West that you would be interested in expanding to?**

We would like to try to expand in the West. However, adhesives for wood that can be used in the West may vary, depending on the differences between wood species and origins, which requires different materials than what we are used to here. For the West we would have to use CLT adhesives that are urethane-based, so we still have a lot of challenges we need to work on.

**At the beginning of this interview, you mentioned you always work with your customers in order to provide them with the best products and services. What would you like the Oshika brand to stand for, for your customers?**

For clients, we want the Oshika brand to represent "a business partner who can solve any problems with technology". I heard that one of our clients said "If I leave our factory to Oshika, it can be operating without any worry". Not being just a mere supplier, but proceeding business by working with clients is the Oshika brand.

**Imagine we come back to interview you in two years. What would you like to have accomplished in those two years? What are your dreams for Oshika?**

Our dream is to increase brand-awareness of Oshika. From technical support to sales activities, we want Oshika to be a flagship company of the industry by gaining trust and faith that cannot be achieved by being a mere supplier.



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