

Overcoming hurdles
in DX with teamwork
and passion for
improvement





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lida Industry Co., Ltd* develops, manufactures, and markets soundproofing, damping, and sealing materials for the automobile, construction and railroad industries. The company introduced Fujitsu COLMINA MES in 2018. To report on developments at the firm, Naoki Yoshida (who was involved in the system's introduction) and Senior Evangelist Koji Takeda, both from Fujitsu, interviewed Kosuke lida, the president of lida Industry. They also asked three employees of the company, namely Shinya Mizutani and Ken Nakagawa from the Production Management Department, and Kodai Aoyama from the Business Planning Department, for their frank opinions from the front line.

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*lida Industry website: <https://orotex.co.jp/>

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Adopting new approaches to survive

For this installment, we visited Iida Industry in Inazawa City, Aichi Prefecture. In addition to its First Factory, the company has three other factories and a technical center in the city. We began by interviewing President Kosuke Iida, who decided that the company should advance its digital transformation (DX) efforts, about the reason for introducing COLMINA MES as well as the company's stance on new technology and its future outlook.



Kosuke Iida, the President of Iida Industry

Takeda Could you tell us about the background and thinking behind your decision to pursue digital information?

Iida It was all about our stance of always experimenting with new approaches and tackling new challenges. We have no choice but to lower the prices of our existing products amid ever-intensifying competition. We cannot improve our performance without experimenting with new approaches. We are always aware that “we have to try something new” during product development. To introduce this system, the project members considered from various angles what we specifically needed to implement.



lida Industry's products are used in various automobile parts

Takeda Many people say that DX is something that only large enterprises can carry out. I also hear frequently that it is difficult to steer a DX project and secure a budget because the goal is often unclear. How did you rationalize your decision despite these challenges?

lida The three project members will provide you with details later as obviously I'm not an expert on DX, and I'm not in a position to micromanage everything. It's definitely difficult to predict the timing and assign a budget for DX. However, the goal of this project was not to improve performance, but to lower in-house costs. As such, in my opinion, DX should be implemented regardless of the size of the company. I'm sure that our competitors are also undergoing DX. To keep up with them and with changes around the world, we have to carry out DX ourselves.

Takeda Do you always attempt to proactively adopt new approaches besides DX?

lida I began our DX by forming a project team. There was also an existing information systems unit, so I left everything up to them, including budgeting. Of course, I'm learning myself. I attend seminars and visit exhibitions to learn about new approaches and keep my finger on the pulse. For instance, I've been learning about ChatGPT lately. However, putting new approaches into practice is a different matter. I'm curious yet cautious, so before introducing a new approach, I ask friends and fellow businesspeople about their experiences, so as to research the pros and cons.

Takeda How are you establishing a corporate culture that nurtures a strong relationship between you and your employees?

Iida The philosophy and code of conduct of our company is “Be frank, sensitive, and energetic.” I often say to our employees, “You can’t really do your job unless you’re even more passionate about something beyond work.” I’ve been practicing aikido and Shorinji Kempo for many years. These martial arts taught me to approach and view challenges by skillfully dodging and feinting, instead of simply meeting force with force. This is useful at work as well. In a martial arts match, understanding various approaches and trying unconventional approaches helps you to outmaneuver your opponent. This way of thinking can be applied at work as well.

Takeda As a manufacturer, what initiatives will your company take going forward?

Iida We’d like to further improve our business in the automobile segment and expand the building materials segment possibly into our second pillar. As automobiles are electrified, noises that used to be masked by the engine are becoming more noticeable. We interpret this as a business opportunity, as it will increase the need for our soundproofing and damping materials. Thirty years ago, we often received requests from customers to manufacture novel products, whereas now, we have to seek out new ideas by ourselves. In this situation, we collect various facts, formulate hypotheses, and combine them to manufacture new products, and provide feedback. I think we just have to keep pushing forward, maintain a frank approach and keep learning through trial and error.



Koji Takeda, Senior Evangelist, Fujitsu

Communicative corporate culture to underpin DX

We then proceeded to interview three employees from Iida Industry, namely Shinya Mizutani and Ken Nakagawa from the Production Management Department and Kodai Aoyama from the Business Planning Department. These staff members operated the system on its introduction in 2018. They told us about the company's strengths that helped them implement the company's DX, as well as what they learned and what difficulties they encountered during the implementation.



Shinya Mizutani of the Production Management Department of Iida Industry spearheaded the DX

Takeda Now, I would like to interview three frontline employees about the details of the DX. I hear that you are engaged chiefly in production management or system introduction. What do you prioritize when you carry out your job?

Mizutani As someone engaged in production management, I prioritize Quality, Cost, and Delivery (QCD) the most. My particular focus is to deliver products to customers in time through my daily production management duties.

Nakagawa I also pay attention to QCD, but if I can add another priority, it will be time-saving. Reducing manpower is also a key consideration when I perform my job.

Aoyama I'm responsible for the information systems of our company, so my priorities are to prevent system interruptions, have backup systems in place, and recover any interrupted system as promptly as possible.

Takeda In your work, is the QCD principle being successfully practiced, including delivery schedules?

Mizutani and Nakagawa We think it is.

Aoyama In my opinion, there's still a lot of room for improvement.

Takeda What do you frontline employees think is the strength of Iida Industry?

Mizutani Even though we're a manufacturing firm, we have the agility to respond quickly. For automobiles, our strength is the ability to quickly redesign and manufacture products in the event of urgent trouble.

Nakagawa I believe the agility that Mizutani mentioned is thanks to the company's friendly atmosphere, which facilitates communication.

Aoyama It's true that management listens closely to the opinions of employees like me, who don't deal directly with products. They also grant us some extent of discretion and decision-making authority. Also, the president and the employees work in very close touch. These factors are all strengths, as they foster a corporate culture that makes the company easy to work for.



Kodai Aoyama of the Business Planning Department of Iida Industry speaking about the company's communicative corporate culture as one of its strengths

Starting small in implementing DX in factories worldwide

Takeda Proceeding to the next topic, what made you introduce MES, or DX?

Mizutani As a backdrop, a plan was drawn up around 2016 to introduce an information system in a subsidiary (in Thailand) and in the headquarters in Japan about the same time. It was about introducing a system for materials intake and product shipment. In Thailand, we were able to introduce the intake and shipment system in 2017, and we measured its effectiveness. However, it was not that easy to transfer the system introduced in Thailand to Japan on an as-is basis. Things were complicated in Japan, as many more materials and products had to be handled. So, our company tasked us to make improvements and gave us a sufficient budget, and a logistics project was launched. Initially, we weren't really sure what to do; we began by visiting exhibitions and attending seminars to collect information.

Takeda Did you consult with various vendors as well?

Mizutani Yes. As we held many meetings with various vendors, we established these criteria for choosing a system: "on budget," "solve the largest problem," and "effective." We found that our company had very few problems with products that we completely manufacture ourselves, but that we had problems with the extremely complicated task of managing products that are manufactured to a semi-finished level by us and then completed by external contractors.

Nakagawa To elaborate, it was impossible to know the status of products manufactured by external contractors in real time. As such, we had no clue as to where to begin, what to digitize, and what to stock. We were totally lost.



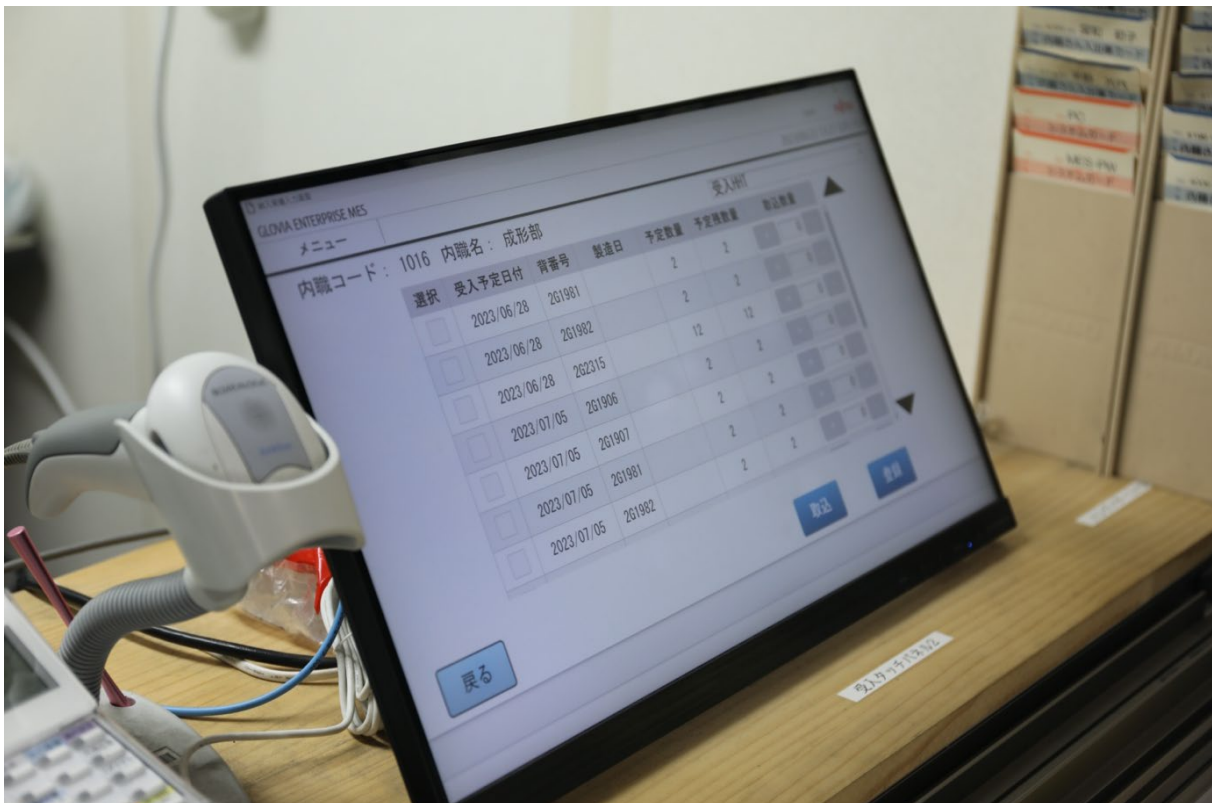
Ken Nakagawa of the Production Management Department of Iida Industry speaking about how they initiated DX without much experience

Mizutani We consulted with various vendors, but to be honest, there were miscommunications, and we would end up talking at cross purposes. As such, we couldn't readily decide on introducing a system. Then, Fujitsu proposed to do a free inspection of our on-site operations and identify problems, so we invited them in and had the entire work process inspected. They concluded that introducing their Manufacturing Execution System for inventory management would help us solve our problems. We were convinced by their proposal, and we introduced it in March 2018.

Breaking resistance to DX through proactive self-learning by the project team

Takeda We are frequently asked by customers about the details of implementing DX. For example, the production management and information systems department would want to improve different elements as their points of view are different. How did you determine your priorities?

Mizutani There were four members when the logistics project team was formed. After numerous meetings, we decided to prioritize the management of external contractors, which was the most time-consuming task, and the physical inspection of received goods, which used to be omitted. It was challenging because we didn't know who to ask for advice, and so we carried out these tasks by ourselves.



Touch screen for managing goods received from external contractors

Takeda Could you tell us about what happened after the system was installed?

Aoyama I wasn't a member when the introduction of the system was being considered, but I was assigned to the team right before the installation. At that time, Mizutani joined us on the front line to learn how to use the new system from the ground up, even though he was in the position of administrator. Witnessing his effort encouraged Nakagawa, other members, and myself to learn and advance the project together. That's the most striking memory for me.

Yoshida (Fujitsu) On the start-up day, Mr. Mizutani wasn't able to use the system, and I myself wanted to have more staff put on the project. On the next day, however, he was already able to do everything he couldn't manage the day before, which truly impressed me. I believe that his willingness to make efforts inspired many people in the company.

Takeda What difficulties did you have when customizing the system to your preferences, from a small start?

Mizutani As expected, everyone outside the logistics project team was resistant to new approaches. It was challenging to persuade them.

Takeda How did you overcome their resistance?

Mizutani I emphasized the advantages, saying "DX will improve this and that," and "It will be better than the current system." I made the effort of simply emphasizing the advantages so that they would accept it.

Nakagawa For me, ordering the development of the system was more challenging than implementing in-house measures. For instance, I considered many aspects when ordering the customized touch screen, but it caused problems when it was deployed in production. Also, when I attempted to extract data, I discovered that some features were lacking. The most challenging part was working out how to predict the outcome when we were requesting the system construction. While Fujitsu improved the system a number of times, we also received a lot of feedback. We are making progress based on it.

Aoyama As I'm in a position where I receive the largest amount of feedback from the front line, I focused on fine-tuning the system to reflect the feedback. After the system was introduced, the frontline employees began to expect its swift customization.



**Naoki Yoshida of Fujitsu, who supported the introduction,
and Shinya Mizutani of the Production Management Department of Iida Industry**

DX facilitating workstyle reform

Takeda Could you tell us about how the project is managed at the moment, and how it will be advanced going forward?

Mizutani First, we made it possible to see the stock levels of semi-finished goods. Next, we made it possible to see those of finished products with the MES. This year, we will work on production planning. We also envision expanding the system to secondary materials, and going forward, covering production and shipment planning. We'd like to steadily advance the project together with Fujitsu year by year.



Production site at the First Factory of Iida Industry

Takeda What improvements has the system brought since its introduction?

Mizutani First of all, the system has improved the accuracy of our inventory management remarkably. For external contractors, it has eliminated the need to make data entries when we accept goods, which significantly reduces human errors in shipment. It's also made it possible to check products, eliminating errors and shipping delays. When we introduced the MES, we did away with the use of slips for external contractors; the MES issues receipts automatically. It issues an invoice for each external contractor, which ensures that the process is carried out without mistakes.

Takeda How do you see it from the perspective of a person responsible for information systems?

Aoyama There was no organized information when the project began, but the DX has made it possible to organize information and quickly respond to inquiries, such as where semi-finished goods are. The organized information has made it possible to meet various needs, such as promptly listing product statuses.

Takeda What improvement or change do you think the system made from the perspective of Fujitsu?

Yoshida (Fujitsu) Back in 2018, Mr. Mizutani seemed very busy, but he goes home without working overtime now. I believe that the MES is providing him with significant assistance.

Mizutani Not only me, but my subordinates as well. The MES is even helping promote a workstyle reform as a result of quantifying various information.

Takeda Could you tell us about the future outlook?

Mizutani First of all, we will make the improvement of calculating projected indexes according to the stock levels on the MES. We are also planning to expand the system from products to secondary and raw materials with a view to complete visualization, from acceptance to shipment. I believe that Fujitsu offers the mission-critical system required for that purpose, so I'd like to make use of it to advance our DX.

Nakagawa As Mizutani said, the ideal is that the secondary and raw materials to be received are managed in a uniform manner so that various calculations can be done automatically. I'd also like to expand the system to produce the same results regardless of who's using it. This will make it possible to meet forecast demand and take proactive action more accurately. In the automobile industry, the number of items to be ordered is roughly estimated and communicated beforehand. This process relies on individual intuition, so I'd like to customize the system so that this process will be visualized and the stock levels will be kept as low as possible.

Aoyama I'd like to quickly enable the system to present the results of informatization, quantification, digitization, and visualization in such a manner that users can readily understand them. This might necessitate the introduction of a BI tool.

Passion for improvement: essential to overcome resistance to new approaches

Takeda Could you give advice to people who are hesitant to undergo DX?

Aoyama There's a large gap between traditional and digital approaches, so you need to do your own learning. Mizutani was clueless at first, but he kept learning eagerly until he mastered it, which inspired those around him.

Nakagawa Just try. You will definitely receive negative responses, such as resistance, skepticism, and distrust. Even so, if you try, you will produce results; it's important to present them.

Mizutani Overcoming the resistance to tackling new challenges is the most difficult part. Conventional approaches are accepted as the best, and changing something requires effort. So, you will need the energy to surpass that. The energy will come from your enthusiasm to make improvements and leave useful legacies to younger employees.

Takeda Lastly, please tell us what you expect from Fujitsu.

Nakagawa I truly appreciate proposals from Fujitsu. I still don't know the full extent of this system's capabilities. Although it's important to proactively inquire, "Is this possible" and "Is that possible," any proposals from Fujitsu provide us with significant help.

Aoyama In the first consultation, Fujitsu identified our bottlenecks with pinpoint accuracy. I'd appreciate it if Fujitsu identifies remaining problems and makes proposals to solve them one by one.

Mizutani Ever since I was engaged in this system introduction, Mr. Yoshida among others has taken care of the project as a representative of Fujitsu. It's his on-target advice that has sustained our partnership with Fujitsu. We can't spot every problem, so I hope we can continue to collaborate with Fujitsu.

Takeda Thank you very much. I'll make sure to note your comments and review them thoroughly.



Some of the products that Iida Industry develops and manufactures

Contact information for the Iida Industry case example

Telephone inquiries

Fujitsu contact line (general contact point)

0120-933-200

Available between 9:00 and 12:00 a.m. and between 1:00 and 5:30 p.m. (except weekends, public holidays, and our designated holidays)

Web inquiries

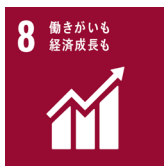
Contact form for this case example

<https://www.fujitsu.com/jp/services/application-services/enterprise-applications/industry/references/orotex/>

 **Contact form**



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