Creating a bridge between Japanese and American companies in the polyurethane industry

INOAC: a merger between innovation and action

Japan may not dominate the market for hi-tech, end-user products like it did in 80s or 90s. But Japanese-manufactured components and materials can still be found in a large number of today's tech gadgets, as well as electronic equipment and machines.

From iphones, to automobiles and Japan's famous 'shinkansen' bullet trains, Japanese firm INOAC's materials, derived from polyurethane, rubber, plastic and composites, are used in a number of products and applications.

Celebrating its 90th anniversary last year, the company was established in 1926 as a manufacturer of bicycle tires and tubes. From those humble beginnings, it has grown to become a global conglomerate, producing hi-tech materials for the automotive, IT, construction, cosmetics, medical and home decoration industries across the globe.

According to a report by MarketWatch, the value of the global polyurethane foam market will grow from $46 billion in 2015 to $74 billion by 2021, propelled by increasing demand and wide application in a diverse range of industries. This is good news for INOAC, as it continues to expand its global presence, in the face of a dwindling domestic market in Japan. Japan, however, still remains the largest market for its products, where it generates 36 percent of its sales.

"The polyurethane material has many applications," says its owner Mr. Soichi Inoue, who has been chairman of INOAC since 2000.

"We began by making very simple products. Following this, we supplied furniture and went on to produce automotive parts. We also make special parts such as the SIM cushion for the iPhone, and we have gone on to make many other items. Over thirty years ago, we established a joint venture with the American company Rogers, and today we are collaboratively making special polyurethane products."

INOAC has had a presence in North America for more than 60 years. It established its first sales office in the U.S. in 1966. In 1985, it entered into its first joint venture in North America with Canadian company Intertec Systems LLP, and a year later in 1986, established INOAC U.S.A., which was the same year it also began business in Europe. The North American market currently makes up 23 percent of its total sales revenue, making it INOAC's second largest market after Japan.

Since 1986, Mr. Inoue has seen a number of U.S. presidents come and go, but perhaps none as unorthodox as the incumbent Donald Trump. Nevertheless, he is optimistic about some of Mr. Trump's trade policies, which he believes will be beneficial for his company.

> "My personal philosophy is to get to know the local people, create mutual trust and build friendships while respecting the local community."
>
> Soichi Inoue,
> Chairman of INOAC

"His policies open up new opportunities for the INOAC Group," he says. "We have a number of bases in North America, and with President Trump's policies, we are talking with our customers and suppliers in order to work in close collaboration with them. On the one hand, they provide us with new technologies and manufacturing methods. On the other hand, we handle production from our U.S. factories and we provide them with basic materials.

"We have been collaborating with BASF for years. Today, BASF focuses on basic raw materials, which gives us excellent opportunities for supplying parts to the automotive industry. We also make many components for insulation and building materials."

In times when technology moves at break-neck speed, particularly in industries such as IT and automotives, INOAC, like many of its Japanese peers, stays ahead of the curve by investing heavily in R&D and innovation, making not only state-of-the-art, but also environmentally sound, products. Focusing its R&D efforts on polymer products, INOAC performs research using the most valuable two resources in the development of high technology: creative scientists and the most sophisticated equipment.

"Supplying compound materials for the car industries is difficult because of the rate of innovation. Within a matter of years, products can become obsolete, so it is imperative to be on top of innovation," says Mr. Inoue.

"Many people say INOAC comes from my surname (Inoue), but that is not completely true. The real origin of our name comes from a merger between INNO-vation and AC-tion. I constantly ask our people to keep this in mind, every day. I was a mountain climber when I was young. To a large extent, you could say that I learnt my management philosophy from climbing mountains."