

Success Stories: Ideas for Potential Players

MF Manufacturing



Sales / Services

MAGNATE TECHNOLOGY CO., LTD.

Machining industrial parts and equipment to exacting standards



The headquarters of Magnate Technology Co., Ltd. in Taiwan.

The Japanese term *monozukuri* refers to the nation's culture of careful craftsmanship: the traditional attention to detail, fit, and finish that characterizes Japan's manufacturing industries. This word also serves as a concept for foreign players to keep in mind as they craft strategies for entering the Japanese market.

Magnate Technology Co., Ltd. is a Taiwanese manufacturer of precision machinery and aircraft parts that has built its business on this sort of *monozukuri* approach. Founded in 1987 near Kaohsiung, Taiwan, the company originally had just a handful of employees crafting parts for such clients as Japanese manufacturer Brother

Industries. Its Japan-focused business took off in 1992, when it began taking orders from Mitsubishi Heavy Industries, a key client to this day.

Long-lasting Ties to Japan

Magnate's precision industrial products include sterile food-packaging machinery, industrial pumps, and arms for factory-floor robots. Its main product line is aircraft components, which account for 60% of its sales; of these, 65% go to the Japanese market. Largely on the strength of its business with customers in Japan, Magnate has seen healthy growth over the last two decades. In November 2008 it brought its new factory in Taiwan online, and in the following month it opened its Japanese branch company in Nagoya, the capital of Aichi Prefecture. Magnate chose this location in part because of Aichi's reputation as an industrial hub: the regional economy centered on Nagoya is one of the three largest in Japan, alongside Tokyo and Osaka.

Yasuo Tachiki, sales leader for Magnate's Japan branch, stresses that the company's long years of business ties with Japan are a major factor in its growth and success to date. He also notes the firm's *monozukuri* take on business: "The people in charge today have all come up from the ranks of the engineers on the workshop floor. They're very passionate about the work Magnate does as a result." This has made Magnate a good match for

- 1987 Magnate Technology Co., Ltd. founded.
- 1992 Started producing components for Mitsubishi Heavy Industries.
- 2008 New factory completed in November in Taiwan.
- 2008 Japan branch established in Nagoya, Aichi Prefecture, in December.



Sales Leader Yasuo Tachiki.



Sample products were displayed at an aerospace symposium in Nagoya.

the Japanese clients and partners who similarly value this approach.

Open for Business in Nagoya

In establishing its branch in Aichi Prefecture, Magnate's primary goals were to offer more direct support to its existing Japanese customers, fielding their queries and complaints in their own language, and to expand the customer base in the important Japan market, particularly for aircraft components. The timing was right: in November 2008 Nagoya hosted an aerospace symposium at which Magnate was able to display a range of its key products. Aichi Prefecture also offers convenient access to Tokyo, Osaka, and other key markets all around Japan, as well as being home to the aerospace systems operations of Mitsubishi Heavy Industries. Still another factor was the financial support for new businesses made available by the Nagoya city government.

In launching its operations, Magnate enjoyed support from JETRO's Invest Japan Business Support Center (IBSC) Nagoya as it prepared to set up shop. JETRO officials helped the company prepare the legal and accounting documentation required to launch a

business in Japan and assisted it on the publicity front, arranging a well-attended press conference that resulted in print coverage for the firm in six local and nationwide newspapers.

Looking to the Future

While it may not be the right time for rapid business expansion in today's challenging economic climate, the Taiwanese firm does expect its Japan branch to produce positive results in the years to come. "The most important thing for any company to do in considering whether to come to Japan," states Tachiki, "is to learn all it can about the market conditions here."

For fiscal 2009 Magnate had set a goal of \$28 million in global sales. The impact of global economic conditions has drastically reduced new orders in aircraft parts, semiconductor fabrication equipment, and food-packaging machinery, though, and the company is likely to fall short of this target, achieving around \$16 million in sales, the same as in fiscal 2008. But the Japan team sees this as the perfect time to plant the seeds for future business opportunities. With its new factory online in Taiwan and its team on the ground in Aichi, ready to do business, Magnate is positioning itself for a brighter future.

Japanese Operation	
Established:	December 2008
Capital:	None (branch office)
Employees:	3
Business:	Manufacturing precision machinery and aircraft parts
Location:	2F, Yamatomi Bldg., 7-13 Ooi-chou, Naka-ku, Nagoya 460-0015, Japan
URL:	http://www.maicl.com/
Parent company:	Magnate Technology Co., Ltd. (Taiwan)