

Feature

Launch of TOYOBO MC Corporation

TOYOBO MC Corporation (TMC), established by Toyobo and Mitsubishi Corporation as a new joint venture to plan, develop, manufacture, and sell functional materials, began operations on April 1, 2023. We spoke about TMC's growth strategy with vice presidents from both parent companies, who have been involved in the new company's launch from the preparation stage onward.

The road to the launch of a new company

The fusion of the two companies will create a stronger, more interesting company

Fujii I was involved in preparations for the company for about two years from the start of the project. From 2022, I served as the officer in charge of establishing a new company. During the process, I had many discussions with Mitsubishi Corporation. What I think connected the two companies, in a word, is fate.

Toyobo's environmental and functional materials business, which the new company is succeeding, is an area that enjoys cutting-edge technology, yet has not been able to grow significantly. I sensed a risk that growth could become even more problematic for the business during a phase of rising management costs for reasons such as environmental response. I wondered whether insufficient marketing capabilities in Toyobo, especially in terms of overseas marketing and deployment, might underlie the inability to significantly expand the businesses. If it were a



matter of just one business, working with manufacturers could yield greater synergy. However, transferring 12 businesses and growing them significantly definitely requires comprehensive strengths. The partner who offered those strengths was Mitsubishi Corporation.

Baba I think there are two main things expected of Mitsubishi Corporation.

One is marketing, a traditional strength of trading companies. Mitsubishi Corporation has enormous contact area in regions and industries around the world, which we will leverage to increase opportunities for entry into customer bases, regions, and markets that have eluded Toyobo so far.

Another expectation is for the knowledge and experience gained from sending management teams to about 1,700 companies in which Mitsubishi Corporation has invested. Incorporating the good parts of the company's problem-solving know-how, including technical support, overseas regulatory compliance, and governance measures, into TMC should enable a stronger, more interesting company.

Fujii Mitsubishi Corporation has very compelling functions and assets, including a 110-site network, global information capabilities, the intelligence functions to analyze that information, and planning capabilities. Mitsubishi Corporation has also been investing heavily in carbon neutrality, and is developing a lot of clean energy with a focus on wind power generation. I believe that this will make considerable contributions to expanded use of Toyobo's energy-related materials, as well as to the advance of energy conversion at production sites.

Trough our discussions, I've felt a difference between two companies in terms of sense of speed and persistence, a weak point for Toyobo. This sort of cross-cultural integration itself is a

major factor in growth. I have expectations that growth opportunities for human resources, including experience at overseas sites, will broaden.

The strengths of TOYOBO MC Corporation

Meeting the needs of society with technology, information, and planning capabilities

Baba TMC has already announced its medium- to long-term management targets. Approaching those high targets will require growing existing customers while also cutting into new customers and markets not yet reached. Decarbonization has become a large movement over the past few years, and we've arrived at an era that demands a change from the passive environmental response of the past to an aggressive environmental response. Toyobo has many materials that are needed now, not only in Japan but across the world. These include engineering plastic materials that contribute to weight reduction in electric vehicles (EVs) and low dielectric adhesive raw materials that are required for the advance of digitalization. In talks with several companies before the establishment of TMC, I heard many times that Toyobo is a company that has the creation capabilities to properly meet customers' detailed demands.

Fujii We had discussions with Mitsubishi Corporation about how we want to make TMC a company with technology at its core. Although the company's materials all contribute in different forms, they all hold the potential to be environmentally conscious. In the coming era of providing solutions rather than materials themselves, it will be important to use materials and

technologies to solve the problems customers face. I think that if we can also uncover and suggest issues that customers are not aware of, we can make even greater contributions. I believe that we'll be able to achieve this by combining the strong technical capabilities of

Dialogue

Juro Baba

Executive Vice-president & Representative Director, COO Controlling Supervisor of Portfolio Management TOYOBO MC Corporation

Naoki Fujii

Director, Vice President, Executive Officer, Assistant to the President, Special Mission Officer, CCO TOYOBO MC Corporation



Toyobo with the high-level information and planning capabilities of Mitsubishi Corporation.

Baba Mitsubishi Corporation has continued to think about where the world's needs lie, and what we can connect, and how, in order to address those. As long as we can learn where the needs are that call for TMC, we can consider what to make and then execute on that, which is Toyobo's area of expertise. This fusion is our greatest strength.

As an example, even as a circular society advances, there are still many plastics that are thrown away without recycling. To recycle these, their materials must be recyclable to begin with. It is also important to create mechanisms for the recycling of these materials. If we can participate in the creation of regulations and rules for countries and industries to create such social mechanisms, and propose materials to customers, I think that would be really interesting.

Reviewing organizational design

Going beyond the conventional boundaries of materials manufacturers

Fujii In the organizational design of TMC, I thought it would be good to review our organizations so far. In Toyobo, the growth potential of individual businesses reached limits because of silos created in organizations under the vertical divisions of the business division structure. I thought that we should first change these vertical divisions.

Baba Right. I think that the business division structure, with businesses subdivided and with sales, production, and development integrated, functioned extremely efficiently in terms of quickly responding to customers'

needs. Since the 1990s in particular, with no large new products appearing and sales stagnant, the company overcame difficult times through solid earning in small units.

However, looking at what's important in a phase where the company aims for further growth, I think there are two things. The first is bold allocation of management resources. When vertical division is strong, maximizing its own return becomes the goal for an individual organization, which leads to the encircling of human resources and funds. Taking down such walls and creating a functional division structure at TMC, capable of making concentrated shifts of people and funds, was a major decision.

The other important thing is the achievement of co-creation that goes beyond businesses and products. Until now, cooperation among business departments has been weak, and we've been unable to make multifaceted responses even when potential arises to provide varied products and solutions. As the needs of the world become increasingly complex, solving problems through a single product will likely become difficult. A mindset of proposing solutions that combine several businesses or different products, or of going horizontal and introducing other business divisions depending on the issue, will be important.

As information sharing is the key to functional organizations, to address adverse effects such as increased difficulty in communicating, we established strategic planning departments at three functional divisions to facilitate information sharing and operations. These departments shoulder a big role in achieving cooperation among divisions.

Fujii There is no correct answer to the question of what form organizations should take. The answer naturally changes according to goals and strategy. With the new company, I expect that a lot of

things will come to light through the change to function-specific organizations.

A wonderful fusion

A shiny new company with a one-of-a-kind corporate culture

Baba I was surprised that the two companies, which both have long histories, share a common corporate philosophy of viewing contribution to a prosperous society as the purpose of their business activities, going back to our "Jun-Ri-Soku-Yu" and Mitsubishi Corporation's "The Three Corporate Principles," corporate philosophies set by our companies' respective founders in the Meiji era. I feel that, flowing beneath, there was something very common to both companies. In terms of work, however, there's a difference akin to that of hunting people versus agricultural people. There's a stark contrast between Toyobo, which advances matters carefully and accurately to avoid any mistake, and Mitsubishi Corporation, which tends to first take action and think on the run. With those completely different corporate cultures coming together, I want to see the good parts of each merge, to create a company with a new culture not seen before.

Fujii Yes. I think it's a fusion of dissimilar things. One goal of TMC is enhancing the mobility of people. This may be a brash thought, but I want to implement human resource development that takes a step forward to let employees grow through diverse experiences, by means such as creation of opportunities for inter-company learning that includes Mitsubishi Corporation too, rather than interaction within TMC alone. Creating a shiny, new company with a wonderful corporate culture is what I see as my biggest mission as a vice president.



Juro Baba

April 1990
September 2001
April 2013
April 2022
July 2022

Joined Mitsubishi Corporation
Mitsubishi Corporation (Americas)
Corporate Planning Department
Appointed Executive Officer
Senior Vice President
Special Appointments
General Manager to Industrial Materials
Group CEO

Naoki Fujii

April 1987
November 2007
June 2011
April 2015
April 2018
April 2021

Joined TOYOBO CO., LTD.
General Manager, Procurement Department
General Manager, Planning and Management Functional Materials
Manager, Iwakuni Production Center
Manager, Corporate Planning Department
Appointed Executive Officer

