

Managing a company itself is CSR. We should fulfill CSR through business.

An interview with Mr. Michijiro Kikawa, the president of Hitachi Construction Machinery, took place, on the current situation, social responsibility, management attitude and targeted values of Hitachi Construction Machinery Group.

President, Chief Executive Officer and Director

M. Kikawa

Strengthening the basic power of the company

— Please tell us about the outcome of “創(Soh) 21 - Creative Value UP” - the medium-term management plan for 2004-2007.

We achieved all of our targets. Although this is partly because of a favorable business environment, I believe that this achievement was mainly the result of the efforts of everybody involved. I'm really pleased. However, because our business performance has grown so rapidly, we are over-extended to the point of easily losing balance: we have to strengthen our foundations. In particular we worked on improving our internal control last year, and we have been making efforts in human resource training. Besides, we set up Kasumigaura Institute to raise the level of our training which we are going to plan. We are endeavoring to share a common sense of values - one of the targets of our group, and to improve the technical skills of our overseas engineers and technicians.

— Prospect for sales of a trillion yen?

We expect sales this fiscal year of 860 billion yen. There



are still four years until 2010 - the final year of 創(Soh) 2010-For The New Stage - our new medium-term management plan. I believe we can raise sales to a trillion yen by 2010 if there is no significant change in the business environment. Actually, I think we will even achieve one trillion yen in sales a year earlier. What we should always remember is that we are in a position to aim for this trillion yen sales target thanks to the efforts of the people who worked for our group in the past. This can't possibly be achieved overnight. For instance, we started business in China in 1984. It also took us about ten years to get secure results in Europe and the US. Sales of a trillion yen will be the well-earned success of these decades of business effort. The next step in the growth of our group will be determined by our present activities.

Wanting to be the best partner

— What is CSR for Hitachi Construction Machinery Group?

As I said last year, it is only a matter of course for companies to fulfill their social responsibility, so I am reluctant to have to stress CSR. Social responsibility is part of

our corporate philosophy and we practice this. We are simply doing what we naturally need to do. The best way to fulfill our social responsibility is continuing with our thorough management. Managing a company itself is CSR. I believe that we should fulfill CSR through business.

— How are environmental business projects progressing?

We are developing technology for industrial waste disposal, building demolition and soil decontamination. One of the features of our environmental business is our “on-site solution”. For example, in case of building demolition something has to be done with the heaps of concrete and steel debris. If we dispose this waste and make it reusable at the demolition site, there is no need to transport it. This is a great advantage in reducing CO₂ emissions. We have developed software which calculates CO₂ emissions easily and facilitates the presentation of scientific data. We have been explaining the advantages of on-site disposal to our customers. Then they have gradually understood its advantage. Thus we developed Hi-OSS (Hitachi On-site Screening & Solution) as the best solution.

— What should the existence of the company be?

In short, we want to be the best partner. I would like all of our stakeholders to know that we are their best partner. From a different point of view, it is customer satisfaction, although this is now a stereotyped expression. It is how customers are satisfied.

“Kenki-jin” as global value

— What kind of value is Hitachi Construction Machinery Group aiming to have?

Our management attitude described in our vision is tripartite: customer creed, creation of technology and respect for human life and dignity. The keywords of Hitachi Group inauguration spirit are “harmony”, “sincerity” and “pioneering spirit”. I want to clarify the values we are aiming by reconsidering these keywords, and conveying these values to the relevant people at the right time.



We are using the word “Kenki-jin” as our brand image, which means people who are able to provide high-quality solutions to our customers. Since our business is now spreading worldwide, we need to have everybody all over the world understand what our group is. I will try to clarify the way to become a kenki-jin so that as many people as possible will understand the values we are aiming for.

— What do you expect your employees to do?

I want our employees to commit themselves to building an enthusiastic group, lively group and promise-keeping group - my catchphrase. In this catchphrase I use the word “group” intentionally. “Enthusiastic group” means a group of people cooperating and doing their very best to reach the targets they decide, though this may sound like some sort of slogan for a sports team. “Lively group” indicates the need for happiness at work and open communications. And last but not least, relationships of trust are vital. Keeping promises is important to build good relationships of trust. Promises between people, between companies, and between people and companies have to be respected.

Compliance needs open communication

— What have you especially been making efforts since your inauguration as president?

It's open communication. Compliance needs open communication. We can't ensure compliance without open communication. I am actually visiting sales offices all over Japan right now to talk directly with the employees there. I am also holding get-togethers I call “small meeting” after work to talk with several employees.

In addition to the trials above, the Legal Department provided thorough training in compliance last year. All of our employees are united and are collaborating to fully meet internal control and compliance requirements.

We are determined to fulfill our social responsibility by promoting activities like above and by providing best solutions to our customers.