An interview with
Yoshihiro Horiuchi
General Manager of Information Innovating
Department, NKK Corporation, Japan

Interview conducted by Prashant Palvia, Editor in Chief
The University of Memphis

NKK Corporation was established as Japan’s first privately owned steelmaker, more than eight decades ago. This initiative was the beginning of a continuing record of diversification and innovation. Today, NKK has over 20,000 employees and gross sales exceeding US$126 billion. NKK provides a wide variety of products and services, some for domestic consumption and others for export. Its major divisions are: steel, engineering, urban development, and LSI. The Global Business Partnership Action Program at NKK reflects involvement in several world regions. For example, in the United States, NKK has acquired a 70% interest in the National Steel Corporation.

JGIM: Please describe the role of information technology in your company.

Horiuchi: Information technology and information systems are widely used to automate various processes in the organization. It is estimated that IS systems consist of about 100 million lines of code. The New Integrated Sales and Production System (N-SPS) alone consists of 100 million steps. The purpose of this system is to integrate processes associated with production, distribution, and sales. Objectives include elimination of large data handing tasks, reduction of lead times, improved data accuracy, standardization, etc. The system has shortened lead time from order entry to delivery by 50%, reduced delivery costs, reduced inventories, and even improved white collar office productivity by 200%-300%.

Each iron works is now totally administered by networked information systems. Each operation is automatically operated and controlled by computers. For example, the KEIHIN works in Kawasaki is considered the most advanced and automated plant in the entire world. It has a large number of sensors and terminals, and very few people actually work in the plant.

Another application has been the use of EDI (Electronic Data Interchange). Many inquiries from customers, both domestic and international, come through EDI. By the way, U.S. customers, including the big three automobile and steel furniture manufacturers, communicate with us through EDI. Every company product has a bar code associated with it. The bar code not only includes basic product information, but also additional information, e.g., product quality and detailed specifications. The bar code information is sent via EDI to the customer.

JGIM: What has been the impact of information technology on managers and senior executives?

Horiuchi: There are many reports that flow from bottom to the top of the organization. Some of these are computerized reports, but many are manual reports. The company is now installing a networked communication system for the CEO, executives, directors, general managers, managers, officers, and clerical people. It is not really an executive information system, but a communication system for the entire company.

JGIM: Please describe problems and challenges in implementing IT in Japan.

Horiuchi: The first challenge has to do with the attitude of the CEOs and managers towards IT. The CEO generally does not understand the potential of IT. This is the single most important problem in Japan. Addition-
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