

## Success Stories: Ideas for Potential Players

MF Manufacturing

**TMD**  
FRICION

R & D

### TMD Friction Japan K.K.

*Providing Optimal Products  
to Japanese Automakers through Localization*



*The brake specialist works with auto manufacturers around the world.*

TMD Friction (Germany) is the market leader as a manufacturer of automobile disk brakes pad and drum brake linings in Europe, and the second-largest manufacturer in the world.

In order to build close alliances with Japan's major automobile and automotive parts (especially brake) manufacturers from the development and testing stages, the company established a Japanese corporation, TMD Friction Japan K.K., in Yokohama in

October 2004. Company president Yasuhiro Miyaji explained the story behind this move: "TMD was already supplying Japanese manufacturers with brake

components and friction materials, but it didn't have anyone stationed in Japan. There were requests from Japanese manufacturers to set up a base in Japan in order to provide more complete technical support and to have Japanese experts in place, so the company decided to respond to these requests."

Product requirements for brake components and other TMD products vary by market. High performance is a must in Europe, where drivers accept noisier braking as a tradeoff for the power needed to brake at high

speeds, while Japanese drivers demand cleaner, quieter performance from their brakes.

For Japanese auto manufacturers, who market automobiles in regions with different needs, TMD, with its comprehensive expertise, is an attractive business partner. Japanese users can now take advantage of TMD Friction Japan K.K. to improve quality and efficiency through unified procurement of brake materials and systems for every market.

2004 TMD Friction Japan founded.

Plans to open a research and development center in Yokohama by the end of 2009.

**TMD**  
FRICION



Yasuhiro Miyaji, President

**TMD**  
FRICION



*Specialist technology such as basic materials research and component design both go into TMD Friction's products.*

Some automakers do not purchase complete brake systems, but instead carry out internal testing and selection of the basic friction materials themselves. Such cases require close consultations with the service provider's technicians. One of the main reasons TMD moved into the Japanese market was to be able to offer its expertise onsite, making it a more attractive supplier to these customers.

According to TMD, with its customers asking the company to open a Japanese operation, the establishment of the new company was a smooth process.

Even so, entering a new market presented a host of challenges. That is when TMD made use of JETRO's Invest Japan Business Support services, and as former president Dr. Hartwig Martius of TMD Friction Japan says, "We received valuable assistance from JETRO." Since Dr. Martius had experience working and living in Japan, he understood the way things work to a certain extent, but he consulted JETRO for help in a number of areas, beginning with hiring. "They recommended specialized Japanese recruitment companies, which were very helpful in putting together our teams," Dr. Martius says.

JETRO staff also shared with TMD their expertise in regulatory issues. "They advised us on labor law, tax issues, and the requirements for setting up a *kabushiki kaisha*. From the very beginning we considered outsourcing activities



*The company made use of JETRO's Invest Japan Business Support Services to open a Japanese base in Yokohama's German Center.*

like accounting, and here, too, JETRO provided assistance with us."

The company enjoyed a 2% market share in Japan in its first year of operation, and within four years hopes to see its share climb to 10%. Mr. Yasuhiro Miyaji, who succeeded Dr. Martius as president in August 2006, says enthusiastically, "If we can ask our customers about all their needs directly and respond to these needs, (achieving 10%) is no fantasy."

The ultimate target for TMD Friction is to understand Japanese customer needs at a deeper level, and--through its Yokohama research lab--to improve the products it provides to Japanese automakers, supporting their business activities on a global scale. Building close relations with these Japanese companies will be one key to succeeding around the world. It's a key that TMD Friction Japan has firmly in hand.

**Japanese Operation**

<b>Established :</b>	<b>October 2004</b>
<b>Capital :</b>	<b>¥10 million</b>
<b>Employees :</b>	<b>10, plus 18 outsourced personnel</b>
<b>Business :</b>	<b>Import and sales of disk brake pads, drum brake linings, and friction materials for passenger cars, commercial vehicles, and motorcycles; research, development, and inspection of products and developing markets for related materials, market surveys in the area of brakes</b>
<b>Location :</b>	<b>1-18-2 Hakusan, Midori-ku, Yokohama, Kanagawa 226-0006 Japan</b>
<b>URL :</b>	<b><a href="http://www.tmdfriction.com/">http://www.tmdfriction.com/</a></b>
<b>Parent company :</b>	<b>TMD Friction Services GmbH (Leverkusen, Germany; about 4500 employees)</b>

