

# Kono Seisakusho: Sharp as a Needle

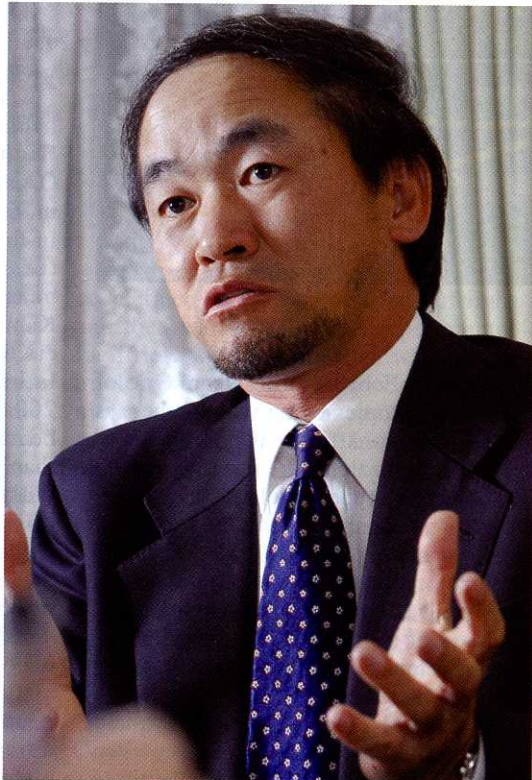
On the sixtieth anniversary of the company's founding, **Katayama Osamu** talks with Kono Seisakusho President Kono Junichi.

In 2004, Kono Seisakusho Co. developed the world's smallest suture needle with thread. With a diameter of 30 microns (0.03 mm), the product makes it possible to apply sutures to blood vessels with diameters as small as 50 to 500 microns. Kono Seisakusho now boasts a 60% share of the Japanese market for microsurgery suture needles with thread.

According to the company's president, Kono Junichi, "We are probably the only company in Japan that both develops and manufactures microsurgery suture needles with thread in-house. Other companies simply assemble needles and threads which they have purchased."

When Kono became president in 1997, the market for medical devices was contracting and prices were falling, with the start of the national government's policies to reduce medical costs. Kono Seisakusho was no exception, and business suffered as a result, forcing the company to restructure. Kono was the son of the company founder and, at the age of thirty-four, he took over as the fourth president in his sixth year in the company on the condition that all of the company directors were replaced.

Kono says, "A real revolution was required in order to get the company back on track. We started by reducing the remuneration of the directors, including myself, so that we could hire new talent, in order to try to regenerate the workforce and let some fresh air into the company. We also introduced the latest equipment in an attempt to strengthen our quality control systems, in order to ensure the continued survival of the company. And we changed the entire organization and layout of the company, and completely replaced all of the rooms,



Kono Junichi, president of Kono Seisakusho Co.

desks and fixtures with new items, in order to overhaul our past bad habits. There was quite a lot of internal resistance to these changes, but I didn't think that the company would survive without pushing through these kinds of substantial business reforms."

The changes also involved mechanization and automation.

"The process of manufacturing needles and sutures included quite a few steps that relied on hand-crafting by skilled craftsmen. I asked the employees who were only a few years away from retirement to pass on their skills, but they told me that they were craftsmen, that they were not very good at teaching other people, and that there was no one who was able to take over these skills.

Unless something was done, this meant that these skills would be lost if these people left the company."

Kono made an effort to create mechanisms whereby this kind of skilled craft work could be passed on systematically. New production equipment was introduced, and an environment was established so that anyone with good eyesight and a certain degree of dexterity would be able to take over the work.

Kono also worked to establish a development structure whereby two or more new products could be brought to the market each year. The company devoted more than five percent of revenue to research and development in order to complete the switch to a management style that did not rely on existing products and technologies.

"The company might have been able to survive just with our existing products. However, venture companies like ours would not develop unless they continuously discovered hidden needs for products and technologies and then developed these products and brought them to market.

"However, large markets will always attract the big companies. With small markets, this is not a concern, and there are still a lot of things that doctors, nurses and patients need, even though the scale might be small. By identifying each of these small needs and developing a market for each one, even if the market for one product is only worth about 100 million yen, if we develop a hundred such markets then that will be worth 10 billion yen," says Kono.

"I tell our employees, 'Patients and doctors have needs, so if you can identify any consumable products where we can produce a diverse range of products in small volumes with high quality and high added-value—then make them!'"

## Developing Niche Markets

The fruits of this approach started to appear in 1999, just two years after Kono had taken over as president.

The market for cardiovascular surgery had been completely dominated by sutures made from polypropylene.

