

Business strategies that distinguish NIDEC from other companies

What is the core business strategy that has supported and will continue to support NIDEC's growth journey from its founding to the present, and from the present to the future?

Pursuit of No.1 global market share

The most important pillar of NIDEC's business strategy is "pursuit of No. 1 global market share." This strategy consists of three elements: ① Be the first to market, ② Technological development ahead of competitors, and ③ Thorough pursuit of cost competitiveness. Specifically, we make advance investments before the occurrence of demand for a product and capture a majority market share when the demand occurs. After that, we drive down costs to keep our competitors at bay and create a situation where we have an advantage over our competitors. By using this strategy, NIDEC has captured the world's top share for many products, including HDD motors. Given the fact that oligopolies involving a few big companies are found in many industries, the strategy of "pursuing No. 1 global market share" is perfectly rational.

Speedy management

Speed is NIDEC's greatest weapon. Make a decision and take action as quickly as possible—this is another pillar of NIDEC's business strategy. An order received from 3M in the United States for motors for cassette duplicators became the driving force behind NIDEC's growth during its founding years. It is no exaggeration to say that NIDEC won this order because it had accepted on the spot 3M's extremely difficult request to "reduce the size of the motor by 30%." For automotive products, the lead time is usually three to four years, but we continue to work at the same kind of speed as when we developed that motor for 3M. In the case of the E-Axle traction motor system for electric vehicles, for which we received orders from the Guangzhou Automobile Group in 2017, we commenced mass-production from zero—no plant, no facilities and no people—in only about one year. NIDEC clearly practices speedy management.

Risk taking

"Take a risk when needed." This is another pillar of NIDEC's business strategy. Even though market expansion is expected in the future, if you hesitate to take risks and your market entry is delayed, then you will fall behind your competitors and will not be able to gain the benefits of market expansion. In the case of HDD motors, we made large-scale investments before full-fledged market expansion. We built production plants and secured the capacity to mass produce HDD motors on a large scale, ahead of our competitors. This led to us gaining an overwhelming position in the market. For the electric vehicle (EV) product business, we are making advance investments without hesitation and working to establish a production system for a traction motor system for EVs, whose demand is expected to grow rapidly in and after 2025.

Abundant management resources that support the company's business strategies

1. Numerous products with the largest market share in the industry (Financial foundation)
2. Over 100,000 employees around the world (Human resource foundation)
3. More than 200 production sites around the world (Production foundation)
4. Strong experience and expertise in M&As (Growth foundation)

Corporate culture that turns adversity into opportunity for growth

What are the characteristics of NIDEC's corporate culture that sees adversity as an opportunity and takes on challenges for continuous growth?

The existence of a corporate culture that forms the basis of all business activities

NIDEC has embraced the following three essential attitudes since its founding:

- ① "Do it now; do it without hesitation; do it until completed"
Do what you can do immediately now, instead of thinking you will do it tomorrow or sometime later, and do it until it's completed.
- ② "Passion, enthusiasm and tenacity"
Gushing passion, welling enthusiasm, and tenacity that fights against difficulties—these are the three core principles that form the foundation of everything we do at NIDEC.
- ③ "Work hard and smart"
Work hard and smart to produce output that cannot be achieved just by working in an ordinary way.

NIDEC has achieved continuous growth since its foundation on July 23, 1973. This has been possible only because of the existence of the three essential attitudes, which serve as the foundation for our daily business activities, and the corporate culture which we should go back to when we face difficulties.

Corporate culture that views adversity as an opportunity

"A problem is always accompanied by its solution." NIDEC has achieved continuous growth by turning obstacles into opportunities. When our major manufacturing plant for HDD motors was submerged by the floods that occurred in Thailand in 2011, thanks to local employees' tireless efforts, the plant was able to resume normal operations very quickly, thus helping maintain its competitive advantage. NIDEC MOBILITY CORPORATION (former OMRON Automotive Electronics Co., Ltd.), which joined the NIDEC Group in 2019, has also been growing by transforming adversity into opportunity. When sales fell by half in the first quarter of FY2020 due to the suspension of operations of its customers' plants, the company streamlined its business operations in every aspect. As a result, the company managed to maintain operating profit at around the break-even point in the fourth quarter of the same year, and during the subsequent period that saw a recovery in sales, the company witnessed a sharp increase in operating profit.

Corporate culture instilled throughout the organization

NIDEC's corporate culture is not just for the management. In the WPR[®] Project, which was launched in 2009, thousands of ideas has been submitted from frontline workers on the manufacturing floor for cost reduction and efficiency improvement. These ideas have become a big driving force for the progress of the project. NIDEC's growth is supported by the corporate culture instilled throughout the organization and "shop floor capability" that has been accumulated over the years.

* WPR=Double Profit Ratio. Focusing on cost reduction and improving efficiency, the WPR Project aims to secure a surplus even if sales decline by half, and when sales return to the original level, to double profitability from the previous level.

Philosophy that lies at the root of the corporate culture: "Pursuit of the world's No. 1 position for continuous growth"

As exemplified by Nagamori's remarks such as "Anything but first is equivalent to last place," and "A snake that doesn't shed its skin will die," pursuit of the world's No. 1 position for continuous growth has been upheld since Nidec's founding and is built into the DNA of the company. Only high-ranking companies have been able to survive in many industries, and there are some cases where a company's growth is impeded by its dependence on existing businesses. Pursuit of the world's No. 1 position for continuous growth can be said to be perfectly rational as a business strategy.