



■ Critical Issues

■ Best Cost Management resolves the following issues:

- ◆ Although we make a breakdown of the targets proposed by our top management for each division, the individual activity targets and activity contents are not consistent.
- ◆ After our top management proposes targets, each division individually verifies the improvement subjects. However, overall optimization can not be achieved with this limited optimizing activity on a division basis. Further, the inter-divisional barriers can not be eliminated.
- ◆ Although it is often said that we can make no further improvements, we really do not know whether it is true or not.
- ◆ The cost reduction amount may become large, but it does not seem to deliver improvements in business results (financial accounts).

■ JMAC Concept

■ New management system that plans to implement system innovation to improve cost competitiveness that is directly linked with business results improvement.

Best Cost Management is a new management system that develops target control and policy deployment in order to improve cost competitiveness. In this management system, it is planned to improve the administrative work management level to increase the business results and innovate the system. This is achieved by setting competitive cost targets and required business profit targets, carrying out consistent target breakdowns for products, divisions, costs and manufacturing indexes, and linking with improvement activities conducted by each employee.

Further, early recovery measures based on fiscal year-end result prediction simulations ensure goal achievement.

The aim is to innovate the management and employee systems by thoroughly implementing activities that focus directly on the business results.

■ Together with the building up of the management system, we aim to pursue the lowest costs and improve the cost reduction capability.

The following activities will be promoted to accumulate technological capabilities that will allow continuous cost-cutting and cost reductions

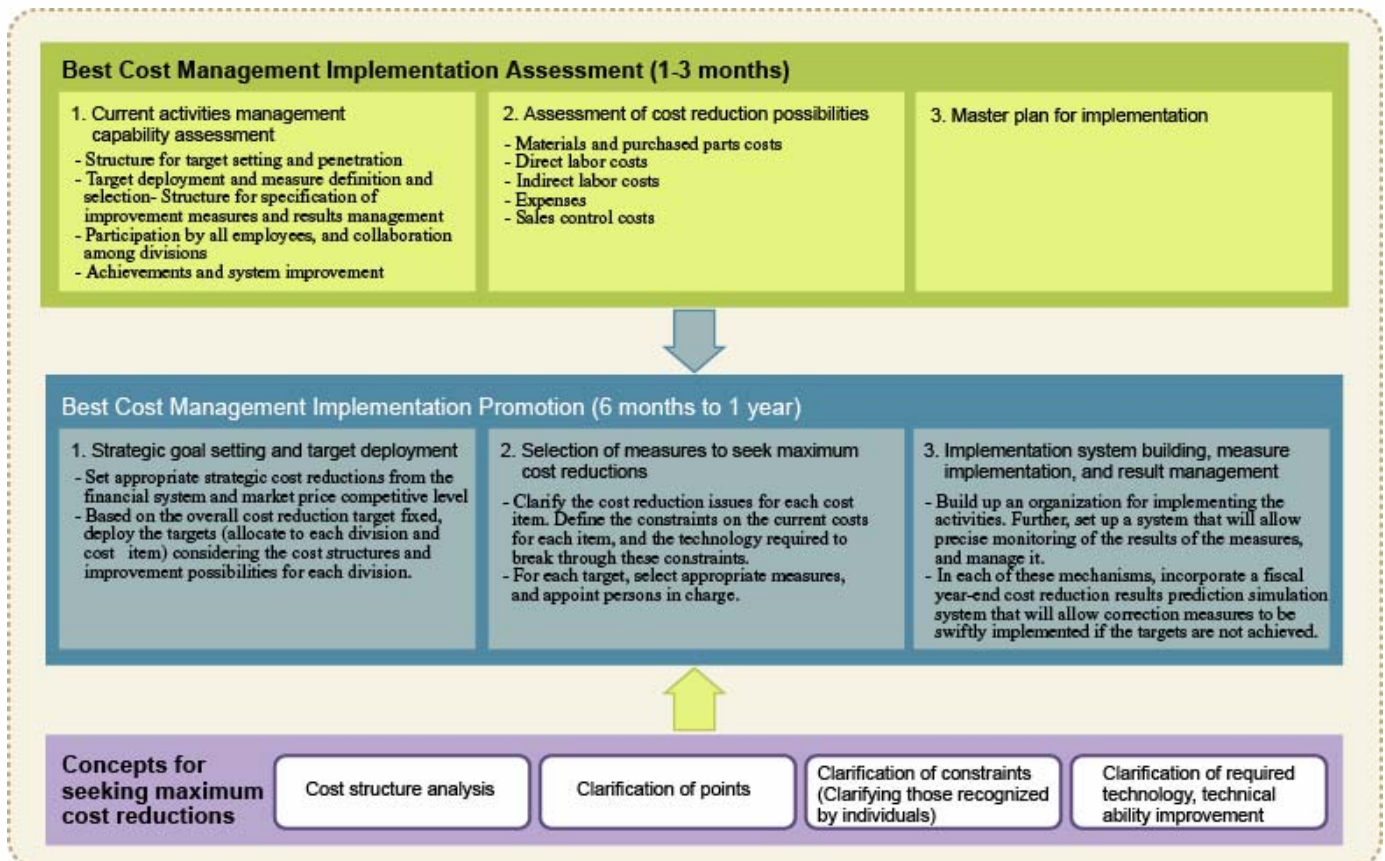
- For each cost-cutting target, we define improvement issues, and select and implement effective measures. (Elimination of improvement activities based on guesswork.)
- Clarify the technical constraints that fix the current cost-cutting level, and promote the development of improved technological capabilities that will break through the limitations. (Elimination of improvement activities based on feelings.)



JMAC Features

Characteristics of the program

As the first step for promoting the program, we will conduct a preliminary assessment. Then based on the results of this assessment, the education and operation development necessary for the introduction will be implemented by the reform head office and middle management in each office.



Results

Achievements in cost reduction rate (profit contribution)

《Examples》	* Paper Equipment Manufacturer	⇒ 3 %
	* Automobile Parts Manufacturer	⇒ 8 %
	* Printing Company	⇒ 4 %
	* Machinery Manufacturer	⇒ 6 %