



Graduate School of Business Administration, Keio University

Iwatsuki Plant, Fuji Xerox Co., Ltd.

—Investment Plan for Automation of Physical Distribution—

5

In the fall of 1984, Mr. Ishii (Head of the Iwatsuki plant and Director responsible for production), Mr. Moriyama (General Manager of the Manufacturing Department) and Mr. Hayakawa (Manager of the Parts Section) were discussing day after day in Mr. Ishii's office how physical distribution could be improved at the Iwatsuki plant. They were sure that the head office's Management Department would strongly recommend at a meeting to be held only in ten days that the plant include in its budget for the next fiscal year an investment plan for building a large automatic warehouse designed for parts storage. The three of them, however, believed that the advantages and disadvantages of large-scale automation needed to be discussed carefully.

10

Company History

15

History of Iwatsuki Plant

The Iwatsuki plant is located in Iwatsuki, Saitama, which is about 20 minutes east of Omiya. Ever since Fuji Xerox Co., Ltd. was founded in 1962, the plant has been contributing toward Fuji Xerox's development as part of the core of the company's producing division, along with the Ebina plant (located in Ebina, Kanagawa) and the Takematsu plant (located in Minami-Ashigara Gun, Kanagawa) . (See Appendix 1.) The plant was initially established as Iwatsuki Koki Co., Ltd. and started manufacturing photography-related equipment in 1961, gradually increasing the proportion of copiers in its total production thereafter. In 1971, its name was changed to Fuji Xerox Iwatsuki Plant. In response to Fuji Xerox's reorganization of its divisions (based on product categories) early in 1983, it was renamed Iwatsuki Branch and became a main plant of Fuji Xerox's division that is engaged in the production of medium-and-large-sized copiers. In 1984, the Iwatsuki plant had a site area of about 56,000 m², a work force of 1,200 and four buildings on the premises. The plant had been assembling copiers and processing on its own some of the copier parts used there (See Appendix 2 for its financial statements for recent five years. See Appendix 3 for the layout of the plant.) Its main

20

25

30

This case study was written by Hirokazu Kono, Assistant Professor at Graduate School of Business Administration, Keio University, with the total cooperation of Fuji Xerox Co., Ltd. based on the data shown in Appendixes. This case is solely intended for classroom discussions, not for judging the suitability of the company's management philosophy or any of the decisions made by the persons concerned. Some of the names and figures given in this case are disguised. (Written in June 1991)