



The Role of Management is to Navigate All Staff Towards the Same Objective.

President, Agrex do Brasil

Mitsuro Kawamata

(above photo center)

Departure from Old Industry Practices

Agrex do Brasil ("AGB") which is engaged in selling agricultural materials to farmers, procuring and exporting grains in Northern Brazil, was struggling with huge inventories of agricultural materials in the latter half of 2015. In addition to skyrocketing interest and inflation rates fanned by political instability pressurizing the Brazilian economy, the farming domain was hit by severe droughts which led to the decline in demand for such materials. Global grain demand continues to increase, and the traditional industry practice of purchasing large quantities of material at the beginning of the year to avoid shortage had backfired, resulting in overflowing inventories.

"We can't increase our inventory any more. We must drastically change our existing material procurement and inventory management practices." Assigned to manage AGB from MC Headquarters, Mitsuro Kawamata was determined to depart from the

old practices of purchasing annual demand at the beginning of the year. He was ready to have in-depth discussions with his staff and proposed a new strategy to purchase materials on an as-needed basis, but was met with strong objections. "The market in Brazil is different from Japan. You don't understand how the industry works here" or "Our suppliers would never accept such terms." There was strong reluctance to take on new challenges or to change long accustomed practices.

Kawamata believes that "it is management's role to navigate the company and lead the staff towards the same objective." With this belief, he indulged in heated discussions with his staff about the need to change mindsets, using sales results, earning projections and other financial data. His enthusiasm begins to overcome the reluctance and his new strategy starts to gain understanding. Many of his staff improved



Kawamata talking with his colleagues about shipping status in front of silos.

Agrex do Brasil

The company was founded in 1994. In response to the increasing demand for grains centered around Asia, MC participated in the management of this company in 2012. The following year, MC made the company its subsidiary. The company operates in northern Brazil to sell agricultural materials (such as seeds, fertilizers, and agrochemicals) and to procure, sell, and export grains such as soybean and corn.



their capability to make optimum proposals to farmers through analysis of inventory and understanding of customer requirements. Kawamata's persistent preaching of the long term benefits of "purchasing materials on an as-needed basis" began to gain understanding from his suppliers, who were also reluctant to change, and finally AGB managed to control inventory to an adequate level.

United by Overcoming Differences

"There are numerous 'differences' that exist in this world, such as countries, generations or industry" say Kawamata. "Instead of using such 'differences' as an excuse to give up, we can overcome such through mutual understanding, creating environments for fair and honest discussions, sharing goals and to march towards the goals." Although many of AGB's competitors in the industry went bankrupt or failed to pay on time as a result of continuing with old practices and carrying excess inventory, as a result of such

changes, AGB was able to continue normal business with its suppliers without interruption. Many of these suppliers later said "We are glad we trusted you" and the relationship with such suppliers has become stronger. AGB staff have gained confidence through this experience and now are motivated by taking on new challenges and thinking out-of-the-box.

"Those staff members with whom I had serious and heated discussions with are now embracing the new strategy and have become missionaries themselves. What pleases me the most is that this is having a positive effect on our Corporate culture," says Kawamata with a sense of confidence. He continues "I am sure there will be more changes to the business environment in the future. I would like this Company to be an organization that can cope with such changes, through each employee thinking by themselves, discussing with others and proactively making necessary changes."

Kawamata, together with his staff, will continue to take on new challenges to bring new perspectives to this industry.