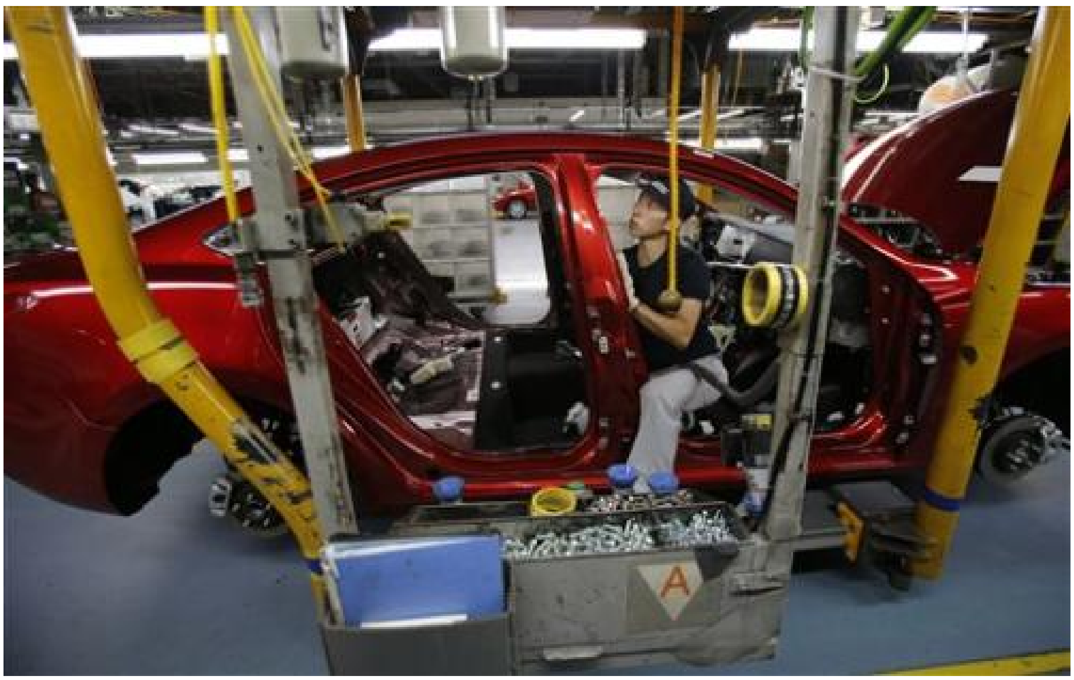
# Fast plant is boost for Japan auto also-ran Mazda

August 27 2013, by Yuri Kageyama



A Mazda employee works on the assembly line of the Mazda6 (Atenza) model at its plant in Hofu, Yamaguchi prefecture, southwestern Japan, Tuesday, Aug. 27, 2013. Mazda, the longtime also-ran of Japanese automakers, shows a new super-efficient plant that's rolling off vehicles at a stunning rate of one every 54 seconds. The plant is part of the reason why Mazda Motor Corp. has managed to defy skeptics who've predicted fates ranging from bankruptcy to a buyout by Chinese interests. (AP Photo/Shizuo Kambayashi)

Mazda, the longtime also-ran of Japanese automakers, says it came up with innovations in nearly every step of auto manufacturing for a super-efficient assembly line that rolls off vehicles at a stunning rate of one every 54 seconds.

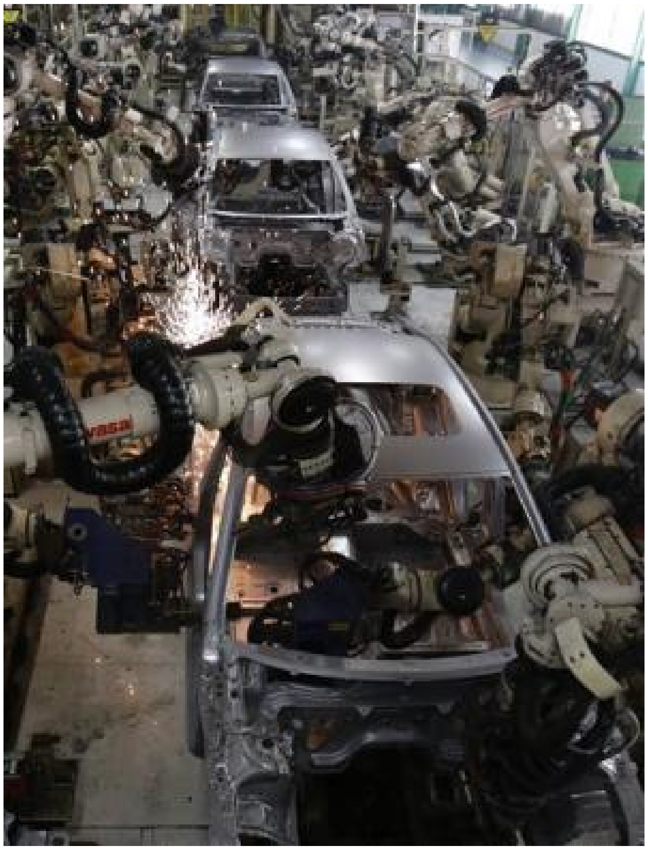
The revamped Hofu plant in Yamaguchi Prefecture, southwestern Japan, shown to reporters Tuesday, underlines how Mazda Motor Corp. has defied skeptics who predicted the automaker's demise after Ford Motor Co. ended a long partnership.

Contrary to expectations, Mazda was not bought by a Chinese competitor. Nor did it collapse under the burden of a soaring yen that made Japanese cars more expensive abroad.

Mazda is still riding on its reputation for producing cool gas-sipping models such as the Miata roadster without a single gas-electric hybrid in its lineup. The Hofu plant can barely keep up with demand. Its pace betters that of Toyota Motor Corp., the world's top automaker, which can roll out a vehicle at paces varying from 57 seconds to 115 seconds.

The key to what Mazda calls its innovation in "monozukuri," or "making things," apparent at the Hofu plant, was using a common platform, the main structure on which a car is built, and common parts. Platform-sharing is a standard profit-boosting device in the auto industry, but is even more crucial for a smaller player such as Mazda, allowing it to create several distinct models from what in basic ways is the same car. After its partnership with Ford ended three years ago, Mazda needed a new approach.

Mazda says it took the process a step further and unified platforms and parts at the design and development stage. It believes it has elevated the standard for an assembly line that can produce multiple size vehicles to a new level of leanness and efficiency.



Robots work on the assembly line of the Mazda6 (Atenza) model at Mazda Motor Corp.'s plant in Hofu, Yamaguchi prefecture, southwestern Japan, Tuesday, Aug. 27, 2013. Mazda, the longtime also-ran of Japanese automakers, shows a new super-efficient plant that's rolling off vehicles at a stunning rate of one every 54 seconds. The plant is part of the reason why Mazda has managed to defy skeptics who've predicted fates ranging from bankruptcy to a buyout by Chinese interests. (AP Photo/Shizuo Kambayashi)

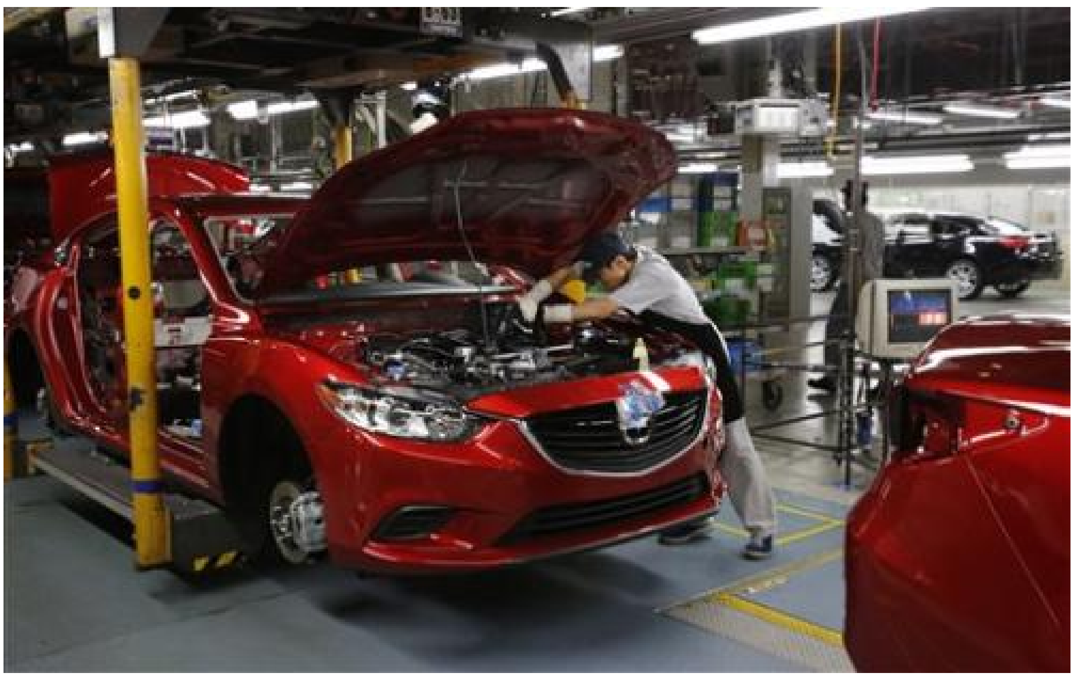
Mazda officials said it will introduce all the innovations it came up with for the Hofu plant they call "the mother plant" at its new plant in Mexico, set to go into production next year.

The Hofu plant, first opened in 1981, rolled out its 10 millionth car, a Mazda6 sedan, off its line Tuesday.

"We see this as one step toward further growth," said President Masamichi Kogai at a roll-off celebration, where workers set off party crackers and shouted, "Go for it."

The Hofu plant produced 350,000 vehicles last year, down from its peak at above 500,000 in 2007, but that's recovering this year to about 400,000 vehicles.

Still, Mazda has gone through hard times.



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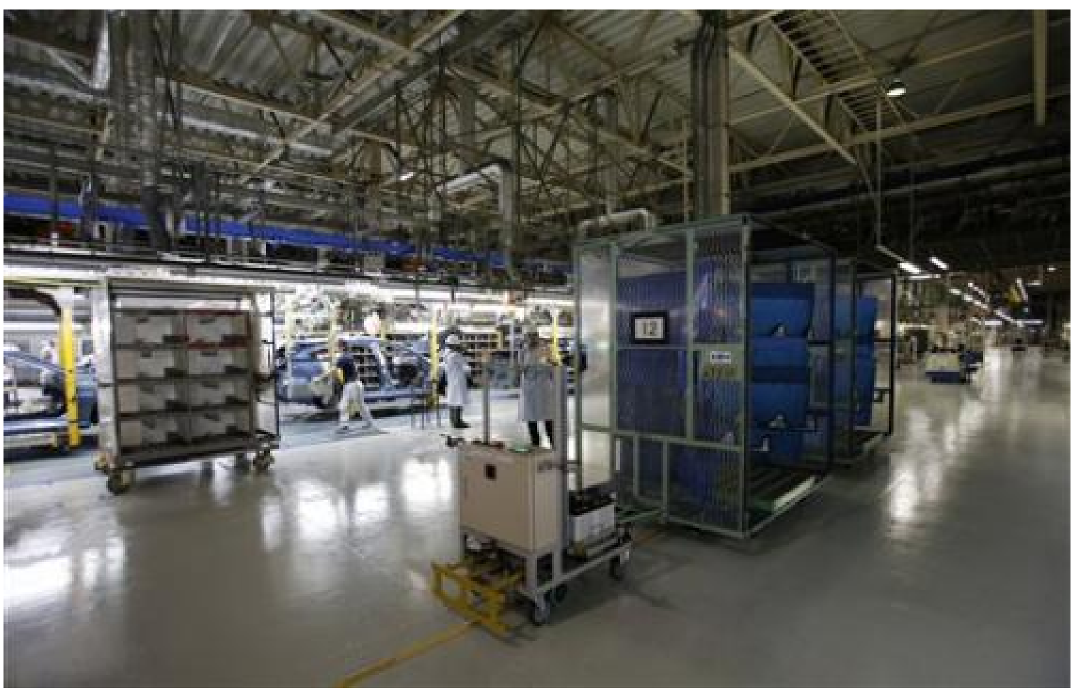
Ford, which had owned a third of Mazda and was its main partner for three decades, including in key markets such as Thailand, China and the U.S., gradually pulled out. The U.S. automaker, based in Dearborn, Michigan, gave up its top stakeholder position in Mazda in 2010.

At a time when Japanese rivals are moving production abroad, Mazda still produces 60 percent of its vehicles in Japan. Of the vehicles produced at Hofu, 94 percent are exports. That has left Mazda vulnerable in periods when the yen is strong.

But the unfavorable currency rate has changed course since last year, providing an unexpected lift for the Hiroshima-based automaker. Mazda had honed in on cost cuts and efficiency partly because it wanted to be able to eke out profits even with a high yen.



Auto parts are transported by automatic guided carts as Mazda employees, seen in the background left, work on the assembly line of the Mazda6 (Atenza) model at its plant in Hofu, Yamaguchi prefecture, southwestern Japan, Tuesday, Aug.

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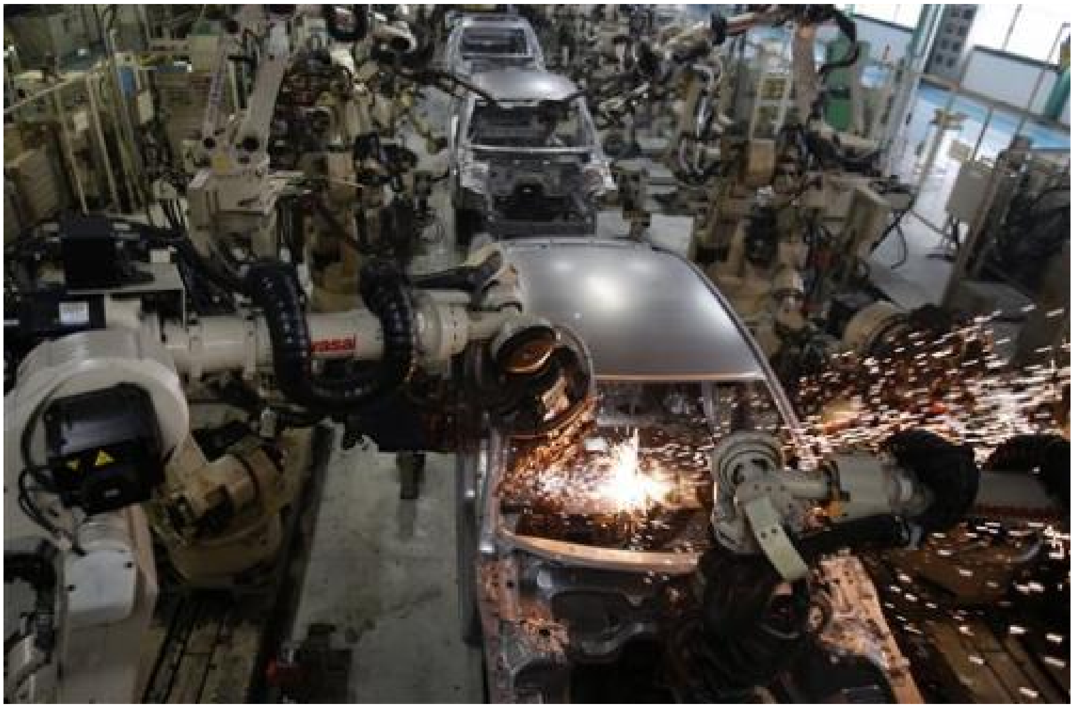
Mazda is planning to raise overseas production to 50 percent of total output by the 2015 fiscal year. It is also aiming to increase annual global sales to 1.7 million vehicles by 2017, up from the current 1.2 million.

It is well on its way to achieve its profit forecasts for the fiscal year ending March 2014 at 70 billion yen ($700 million), according to Mazda.

With its success, it's out to prove wrong the critics who once insisted that high production volume of at least 4 million vehicles a year is needed to achieve profitability. That was once seen as the common sense wisdom in the auto industry.



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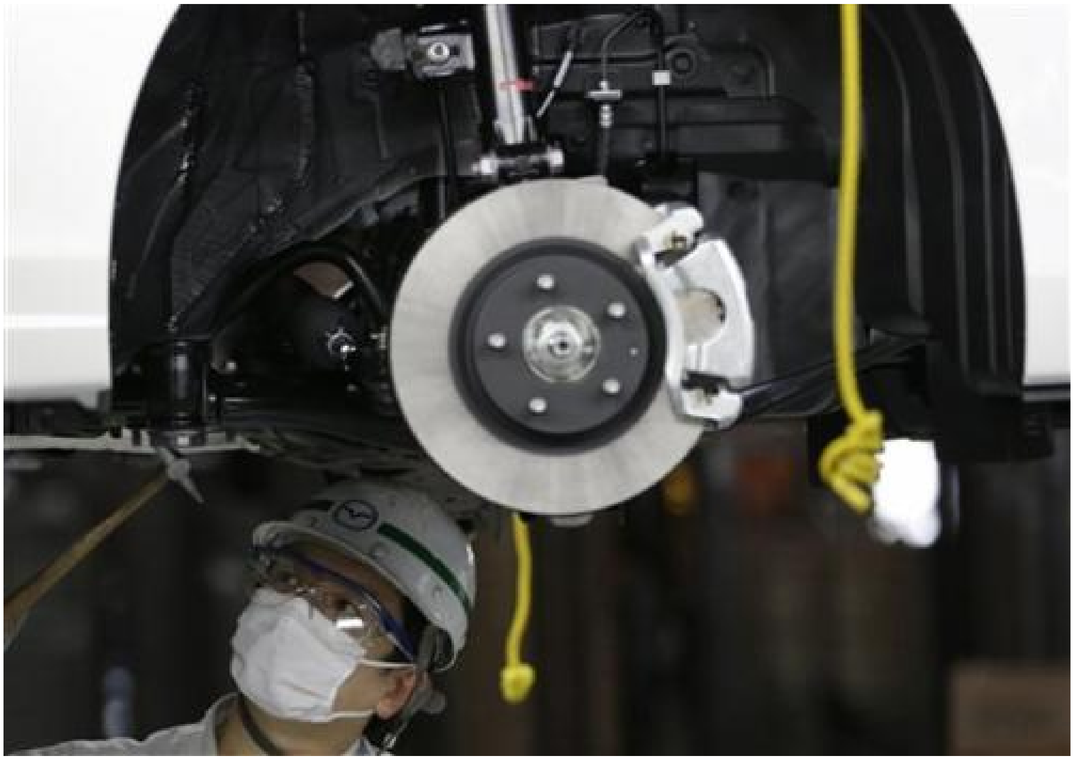
Some analysts say Mazda still faces an uphill battle because it lacks scale, through which automakers can cut costs. That means Mazda has to become almost an upscale brand that can command a higher price. Kogai said the automaker will not resort to price-cutting to woo buyers as it tended to do in the past.

Mazda, for instance, is charging an extra 50,000 yen ($500) in Japan for its models with a special paint job called "soul red," a deep lustrous ruby shade, a major part of its innovation. The automaker was able to duplicate an expensive 13-coat luster with just three layers, done in a creative way, such as adding a special coating of reflective paint and adjusting the patterns of spraying.



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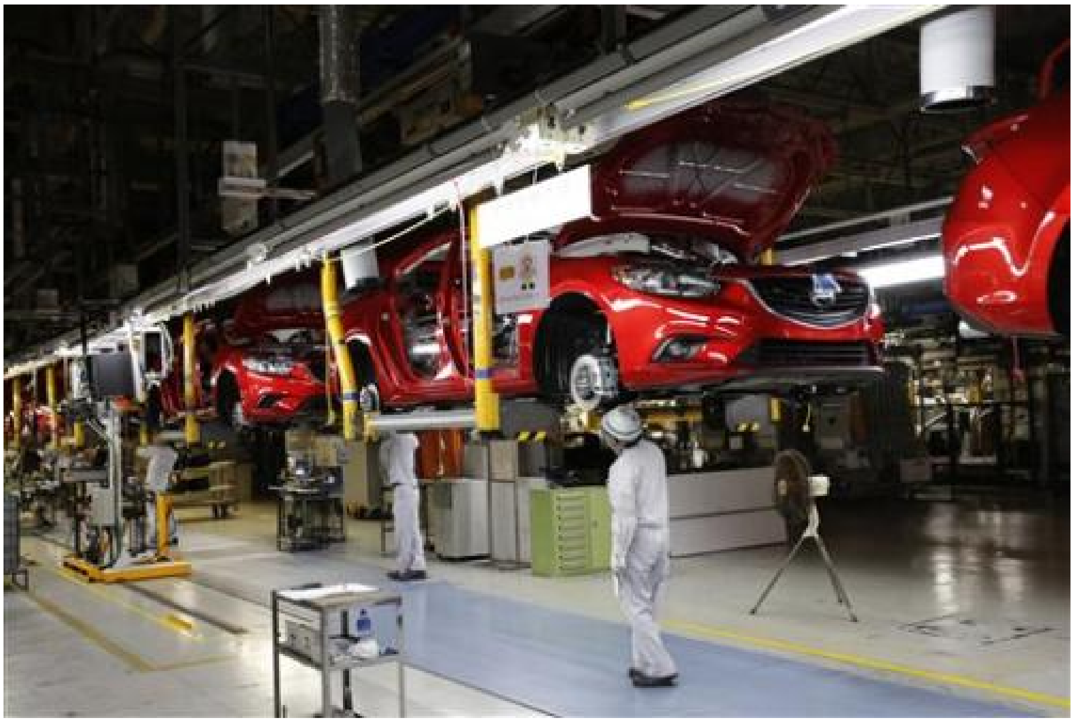
Issei Takahashi, auto analyst with Credit Suisse Securities in Tokyo, said Mazda engineers have done a good job producing popular models, even after it lost the advantages it enjoyed with its alliance with Ford. The dilemma for Mazda is that it makes small cars that need to appeal to lots of people, and it is not a niche luxury maker.



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"But it has taken a different turn after losing that merit of scale and is making changes that are taking it in a positive cycle," he said.

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