

# Brush Electrical Machines looks to the future with Japan

Managing Director Bill Petrie took part in the January trade mission to Japan and recently became a member of Michael Heseltine's Japan Trade Advisers group. Brush manufactures mainly electric motors and turbines for the power generation industry and supplies £7-10m worth of equipment annually to Japanese contractors for third country projects.

**C**ould you tell me something of the company's history?

It was started as the Anglo-American Electric Light Co in London in 1879 by an American, Charles Francis Brush. The UK factory opened in Loughborough in 1889. Brush Electrical Engineering, as the company became known, took over an existing factory site which had housed a company making tram cars and rail freight cars as it wanted to develop the use of electrical engineering to power new tram cars and other vehicles.

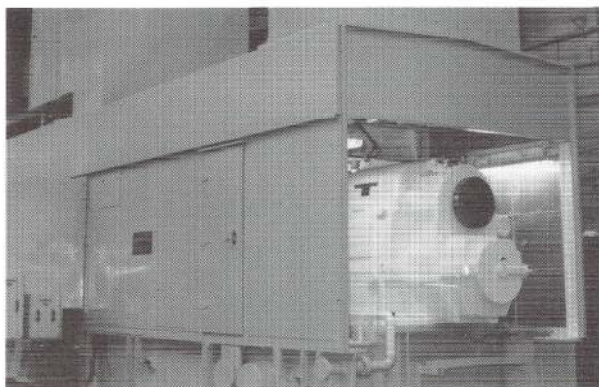
The Loughborough site now houses four companies, three on the power generation side and one traction firm. There are also other plants in South Wales and Walthamstow in London, plus overseas subsidiaries in South Africa and Australia. BEM is now part of the BTR Group and has an annual turnover of about £100m.

**C**ould you tell me about the company's involvement with the Japanese market?

The company has been selling to the Japanese market on and off from the beginning. We have a copy of a 1909 advertisement for our equipment which was put out by our original agents in Japan, Sale and Frazar, who are now part of ACI which is a BTR company. Latterly, I guess we've been active in the Japanese market for the past 20-25 years and particularly since about 1980 as the Japanese were becoming the most important contractors in international markets. We

followed the opportunities created by the Japanese contractors and that is still our main thrust.

Exports have always been of prime importance for the company right from the word go and account for over 80% of our total sales. Japanese business is currently worth about 10% of our total turnover and is growing steadily.



A Brush Dax generator

**W**hat did you want to achieve by going on the mission?

First, we wanted to consolidate what we've already achieved and to be part of the DTI's push to increase trade – and that's two way as we actually buy components from Japan too. More importantly, we wanted to find out what moves towards deregulation the senior people in Japan want to see happen. To this end we met senior representatives from the largest utilities, government ministers and the Keidanren (employers federation). I do believe that while it's going to take a long time, undoubtedly there is an endorsement of deregulation by senior Japanese government and industry figures. And if that's the case, we want to be part of it.

We're obviously trying to develop the Japanese market as best we can – and are now following up the various



Bill Petrie

initiatives which were established when we were there. The Japanese companies have given us very strong pointers as to what that direction should be: who we should talk to, how we should approach them, how we about pre-qualification and meeting Japanese domestic standards, which are different from the standards used on third country projects, and so on. The standards are not necessarily harder, just different, and that's been part of the problem of the old protectionism. We're pushing at a door that's not open but it's now no longer locked.

We service the Japanese market through our local agents, ACI, and a from an office in Singapore which is supported from the UK. We have an enormous number of people from here going to Japan for engineering and commercial discussions. I visit at least once a year and my sales director me frequently. Our representative in Singapore goes to Japan at least once a month. We have a lot of Japanese visitors here and we've also built up close contacts with the Japanese contractors in London, and particularly the US.

**H**ave you found any specific benefits arising from your business with the Japanese?

It's been very useful to see how they run projects and contracts and they have a justified reputation for being efficient and effective in how they do things. So we've picked up, where it's been appropriate, some of their methods. But equally well we believe we have a flexibility which suits them. We've also taken note of the Japanese

ethic of stock control, workflow and involvement of the whole workforce, which is quite common in the UK now.

And in a new move, we're now supplying six very large semi-finished components – turbo generator machined forgings – to Mitsubishi Electric in Kobe. The UK is now a very cost effective base for manufacturing industry and the Japanese recognise that. That's why deregulation is so important for both sides as the equipment they are currently buying from their home market would be much cheaper if they bought it from the UK.

Relationship building is the key to doing business. Our relationship with the Japanese is becoming increasingly comfortable – a view endorsed during the mission in January. Our Japanese contacts were aware of the Heseltine visit and were extremely pleased that it had taken place as the publicity reflected well on us and also on them in Japan for being associated with us. We also met many of the people who had been to visit us on a Japanese inward mission in June last year which helped to reinforce good relations.

**I**s it getting easier to do business there?

Very much so. For example, we picked up lots of procurement guides in English put out by the large utility companies – Tokyo Electric, Chubu and so on – which set out very clearly exactly what you have to do to be eligible to supply the Japanese. We're in the midst of assimilating all this information with a view to refreshing some of our procedures. We were also very impressed with the help and support we got from the British Embassy in Tokyo.

The Japanese were very touched by expressions of help and sympathy following the earthquake and were delighted that the mission went ahead so soon after. Far from being an inconvenience it was seen as a measure of respect and how much we valued our business relationship with Japan.

**H**ow do you see the future for Brush's Japanese dealings?

We want to consolidate our existing third country projects with the Japanese in the Middle East, the Far East, the US and so on. But our longer-term aim is to develop our business in Japan itself – Japan is one of the biggest single power markets in the world and once deregulation really takes place we want to be a part of any opportunities which are created there.