

# Organization of JFE Group<sup>†</sup>

## **Abstract:**

*The JFE Group is organized as a holding* ig

## **1. Introduction**

The objective in creating the JFE Group is to establish an efficient and transparent management system that provides both competitiveness and risk management as the business foundation for realizing an “Excellent Company of the 21st Century” that pursues global business activities.

In consolidating the operations of NKK and Kawasaki Steel, the management chose a holding-company system to realize this objective. Under JFE Holdings, the businesses of the two companies were regrouped by business segment into five operating companies: steel, engineering, urban development, microelectronics, and R&D.

The major aim in adopting this system is to achieve a more effective operational management based on the specific characteristics of each business segment and to effectively realize the synergistic effects of the whole group.

This paper introduces the business organization of the JFE Group and its R&D system.

## **2. Business Organization of the Group**

The business organization of the JFE Group is composed of a holding company and five operating companies, as shown in **Fig. 1**.

### **2.1 JFE Holdings**

As a holding company, JFE Holdings performs functions commonly applicable throughout the Group, as listed below, and promotes efficient management of the Group through establishing group strategies and governance capabilities.

- (1) Management of the Group and administration of the operating companies,
- (2) Public and investors relations with share holders and other parties outside of the group,
- (3) Establishment of management strategies and plans,
- (4) Establishment of financial policies, and integrated procurement and management of funds,
- (5) Consolidated planning and accounting,
- (6) Planning of common strategies for high-growth business fields such as the environment and energy,
- (7) Implementation of IT measures common throughout the group.

### **2.2 JFE Steel**

JFE Steel uses the business management system described below to achieve the highest level of competitiveness using a firm sales foundation, advanced technologies, and the strongest and most efficient steel works and manufacturing facilities.

- (1) Management System Based on Product Type

The highly competitive management system is based on an eight-product-sector system to provide an agile response to customers’ requirements, which are becoming increasingly sophisticated, and to

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manage profit-ability for each type of product.

The eight product sectors are as follows.

- Sheet
- Plate
- Shapes and Spiral Tubes
- Tubular Products
- Stainless Steel
- Electrical Steel
- Steel Bar and Wire Rod
- Iron Powder

(2) Operation by Two Steel Works and One Mill

Steel production sites are reorganized into three: two major steel works of East Japan Works (Keihin and Chiba District) and West Japan Works (Kura-shiki and Fukuyama District), and one product plant at Chita Works (**Fig. 2**).

The integral management of neighboring production sites as a single steel works minimizes the production and transportation costs by effectively utilizing the equipment characteristics of each site. The facilities of the same kind are consolidated into one, and the remaining equipment is operated at its maximum efficiency. Consequently, a new production system has been established to provide world-leading competitiveness.

### **2.3 JFE Engineering**

JFE Engineering aims to provide solution engineering supported by world-leading technologies in the fields of energy with the emphasis on pipe lines, environment with the emphasis on waste, water supply e

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